



EUROPEAN COMMISSION
DG Competition

Case M.8652 - ACCURIDE / MEFRO WHEELS

Only the English text is available and authentic.

**REGULATION (EC) No 139/2004
MERGER PROCEDURE**

Article 6(1)(b) in conjunction with Art 6(2)
Date: 30/04/2018

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EUROPEAN COMMISSION

Brussels, 30.4.2018
C(2018) 2744 final

In the published version of this decision, some information has been omitted pursuant to Article 17(2) of Council Regulation (EC) No 139/2004 concerning non-disclosure of business secrets and other confidential information. The omissions are shown thus [...]. Where possible the information omitted has been replaced by ranges of figures or a general description.

PUBLIC VERSION

To the notifying party

Subject: Case M.8652 – Accuride / Mefro Wheels
Commission decision pursuant to Article 6(1)(b) in conjunction with Article 6(2) of Council Regulation No 139/2004¹ and Article 57 of the Agreement on the European Economic Area²

Dear Sir or Madam,

- (1) On 12 March 2018, the European Commission received notification of a proposed concentration pursuant to Article 4 of the Merger Regulation by which Accuride Corporation ("Accuride", US) acquires within the meaning of Article 3(1)(b) of the Merger Regulation by way of purchase of shares sole control of the whole of the undertaking Mefro Wheels GmbH ("Mefro Wheels", Germany) (the "Transaction").³ Accuride is designated hereinafter as the "Notifying Party" and together with Mefro Wheels as the "Parties".
- (2) This concentration has been referred to the Commission by Germany pursuant to Article 22(3) of the Merger Regulation (the "Referral Request"). The Referral Request was subsequently joined by the Netherlands, Poland and Spain.

1. THE PARTIES AND THE CONCENTRATION

- (3) **Accuride** is a supplier of steel and aluminium wheels and wheel-end components, such as brake drums, disc brake rotors and slack adjusters for trucks, buses and

¹ OJ L 24, 29.1.2004, p. 1 (the 'Merger Regulation'). With effect from 1 December 2009, the Treaty on the Functioning of the European Union ('TFEU') has introduced certain changes, such as the replacement of 'Community' by 'Union' and 'common market' by 'internal market'. The terminology of the TFEU will be used throughout this decision.

² OJ L 1, 3.1.1994, p. 3 (the 'EEA Agreement').

³ Publication in the Official Journal of the European Union No C 105, 20.3.2018, p. 7.

trailers. Accuride produces and provides components for the trucks, buses and trailers industry in North America, and is active in the EEA through its 80.94% shareholding Italian subsidiary Gianetti Ruote S.r.l. ("Gianetti").⁴ Gianetti supplies steel wheels for commercial vehicles for original equipment manufacturers ("OEMs")⁵, especially for trucks, buses and trailers.⁶ Accuride is ultimately controlled by funds managed by the private equity firm Crestview L.L.C. The remaining shares in Gianetti are held by MW Italia S.r.l. ("MW Italia").⁷

- (4) **Mefro Wheels** produces and supplies steel wheels for trucks, buses and trailers, light commercial vehicles and passenger cars, as well as for construction machinery (*i.e.* loaders, road machinery, excavators and forklifts) and agricultural machinery (*i.e.* tractors, combines, harvesters etc.).
- (5) Pursuant to a Share Purchase Agreement dated 16 June 2017, Accuride will acquire 100% of shares in Mefro Wheels.⁸ Therefore, the Transaction consists of the acquisition by Accuride of sole control over Mefro Wheels within the meaning of Article 3(1)(b) of the Merger Regulation.

2. EU DIMENSION

- (6) The undertakings concerned do not have a combined aggregate world-wide turnover of more than EUR 5 000 million (Accuride EUR [...] million; Mefro Wheels EUR [...] million), and the Notifying Party does not have an aggregate EU-wide turnover in excess of EUR 250 million (Accuride EUR [...] million; Mefro Wheels EUR [...] million). As a result, the Transaction does not have an EU dimension within the meaning of Article 1 of the Merger Regulation.
- (7) As mentioned above in paragraph (2), on 1 September 2017 the Commission received the Referral Request from Germany, which was joined by Poland, Spain and the Netherlands.
- (8) On 11 October 2017 the Commission adopted a decision pursuant to Article 22(3) of the Merger Regulation accepting the Referral Request.⁹ On this basis, the Commission acquired jurisdiction to review the Transaction.

⁴ Annex 2.1 to the Commitments, Amended Shareholders' Agreement paragraph B.

⁵ Gianetti also supplies [...] aluminium wheels to the independent aftermarket ("IAM") customers in the EEA that accounted for approximately EUR [...] of the EEA revenue of the last full financial year. These aluminium wheels are exported from one of Accuride's aluminium plants in North-America.

⁶ Gianetti manufactures and supplies single-piece wheels. As regards multi-piece wheels, Gianetti stopped manufacturing these a few years ago, but sells multi-piece wheels [...]. Therefore, this shall not be further discussed in the competitive assessment below.

⁷ MW Italia has no control over Gianetti, which is solely controlled by Accuride.

⁸ The Transaction includes the acquisition of Mefro Wheels U.S. Corp, which operates in the US and Latin American countries, and of certain IP rights of Kronprinz GmbH (both of which are subsidiaries of Mefro Wheels).

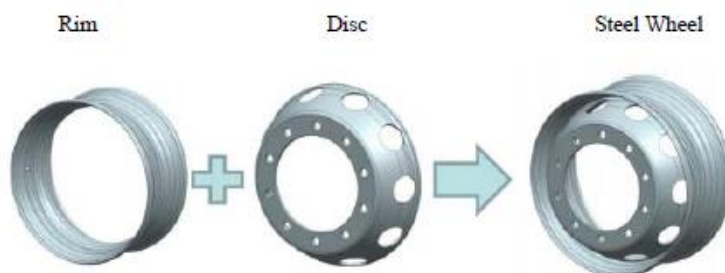
⁹ M.8652 – Accuride/Mefro Wheels – Article 22 decision, of 11 October 2017.

3. RELEVANT MARKETS

- (9) Both Parties manufacture and sell steel wheels for buses, trucks and trailers, both for the OEM market (which includes all wheels sold to bus, truck and trailer manufacturers both for first installation on the vehicle upon first assembly and wheels intended as original spare parts [Original Equipment Services, "OES", if applicable¹⁰]) as well as to the independent aftermarket ("IAM"), although to a very limited extent (see paragraph (55)).
- (10) As only Mefro Wheels supplies steel wheels for light vehicles (*i.e.* passenger cars and light commercial vehicles), the Parties' activities do not overlap in this regard. However, as the minority shareholder of Gianetti, MW Italia is active in the market of steel wheels for light vehicles in the EEA, this market will be assessed below in view of possible coordinated effects.¹¹

3.1. Product market definition

- (11) The wheel is the rotating component of the vehicle, located between the tyre and the hub. A wheel comprises of (i) a rim, the perimeter of the wheel which supports the tyre, and (ii) a disc, the vertical part of the wheel that serves as the connection between the wheel and the hub/axel that is welded or connected with bolts to the rim.



3.1.1. Steel wheels and aluminium wheels

- (12) Wheels for trucks, buses and trailers can be made from steel or aluminium. Accuride is active in the manufacturing of aluminium wheels only in the US and Mefro Wheels does not manufacture aluminium wheels for trucks, buses or trailers anywhere in the world. In the EEA, Arconic is the only manufacturer of aluminium wheels for trucks, buses and trailers.

3.1.1.1. The Notifying Party's view

- (13) The Notifying Party has not claimed aluminium wheels to belong to the same market as steel wheels but submits that aluminium wheels, regardless of whether

¹⁰ Automotive suppliers do not know whether the components they sell to manufacturers are used in the first installation or sold as OES components.

¹¹ MW Italia currently holds 19.06% of non-controlling shares in Gianetti.

they form part of the same market or not, exert a competitive constraint over steel wheels for buses, trucks or trailers.¹²

3.1.1.2. The Commission's assessment

- (14) For the reasons below, the Commission takes the view that steel wheels for trucks, buses and trailers and aluminium wheels for trucks, buses and trailers form part of distinct product markets.
- (15) *First*, from a demand-side point of view, customers responding to the market investigation explained that steel wheels and aluminium wheels present significant differences in terms of price and weight.¹³ Aluminium wheels weigh approximately 24kg while steel wheels weigh on average 36kg. In terms of costs, the aluminium wheels' price is generally 50% higher than that of steel wheels for trucks, buses and trailers.¹⁴
- (16) *Second*, all customers responding to the market investigation indicated that in the event of a permanent 5-10% increase in the price of steel wheels, they would not mount aluminium wheels instead.¹⁵
- (17) *Third*, from a supply-side point of view, the Commission understands that manufacturing processes of aluminium wheels and steel wheels are largely different. Consistent with the Notifying Party's allegation,¹⁶ respondents to the market investigation indicated that a manufacturer of steel wheels for trucks, buses and trailers would need to make significant investments in order to start producing aluminium wheels, given that the underlying technology and the production process are significantly different. This finding is also supported by the observation that suppliers of the two types of wheels are different: in the EEA Arconic supplies only aluminium wheels for trucks, buses and trailers, while Mefro Wheels, Maxion and Gianetti supply only steel wheels for trucks, buses and trailers.

3.1.1.3. Conclusion

- (18) The Commission concludes that steel wheels for trucks, buses and trailers and aluminium wheels for trucks, buses and trailers form part of distinct product markets.

3.1.2. *Wheels for trucks, buses and trailers*

- (19) In previous decisions on automotive components, the Commission has considered separate relevant product markets based on the type of vehicles for which the

¹² Form CO, paragraphs 79 and 80, paragraph 335 *et seq.*

¹³ Minutes of conference call with a customer, 7 December 2018; Minutes of conference call with a customer, 4 December 2017.

¹⁴ Form CO, paragraph 341.

¹⁵ Replies to question 22 of eQuestionnaire 1 – Customers.

¹⁶ Form CO, footnote 17.

components are intended, and has considered markets for (i) components for light vehicles and (ii) components for heavy commercial vehicles.¹⁷

3.1.2.1. The Notifying Party's view

- (20) The Notifying Party submits that the traditional distinction between light and heavy vehicles is also applicable to steel wheels. As regards heavy vehicles, the Notifying Party submits that wheels for trucks, buses and truck trailers constitute one single product market, for the following reasons:¹⁸
- (21) *First*, wheels for *trucks and buses* are interchangeable, and sourced by the same customers, often via one tender process for steel wheels for both trucks and buses. The customer base for wheels for *trailers* is distinct from the customer base for trucks and buses, but the technical characteristics are largely the same.¹⁹
- (22) *Second*, wheel manufacturers for trucks, buses and trailers are able to produce the whole range of wheels, for trucks, buses and trailers, on the same production lines, subject to adjustments in the tooling and homologation (that are not different from the various adjustments available for various trucks, buses and trailers wheels respectively).
- (23) *Third*, wheels for trucks, buses and trailers differ with respect to their pricing, but only because the input cost of steel differs, not for technical reasons.

3.1.2.2. The Commission's assessment

- (24) In line with previous cases, the Commission considers that steel wheels for light vehicles (passenger cars and light commercial vehicles) form part of a separate product market. As mentioned above in paragraph (10), the Parties' activities do not overlap on this market.
- (25) The Commission takes the view that steel wheels for trucks and buses form part of the same product market, whereas steel wheels for trailers are likely to form part of a separate product market.

(a) Steel wheels for buses and trucks

- (26) For the reasons stated below, the Commission takes the view that steel wheels for buses and steel wheels for trucks are substitutable from the demand side.

¹⁷ Case No. COMP/M.6714 - *U-Shin / Valeo CAM*, paragraph 7; Case No. COMP/M.4456 - *Mahle / Dana EPG*, paragraphs 11-13; Case No. COMP/M.3972 - *TRW Automotive / Dalphi Metal Espana*, paragraph 11; Case No. COMP/M.2036 - *Valeo / Labinal*, paragraph 13; Case No. COMP/M.8102 - *Valeo / FTE*, paragraph 18, Case No. COMP/M.7420 - *ZF / TRW*, paragraph 10.

¹⁸ Form CO, paragraphs 109-131.

¹⁹ The Notifying Party admits that there is a difference as regards the quality standards between wheels for trucks/buses and wheels for trailers, with quality standards for trucks/buses wheels being more stringent and *i.e.* involving a biaxial fatigue test ("LBF" test), but submits that large trailer OEMs, which account for approximately 80% of the overall demand of trailer wheels in the EEA, have developed technical specifications that are very similar to the truck/bus OEMs and include LBF testing. It is only smaller trailer manufacturers and aftermarket customers that require a more basic TÜV test.

- (27) *First*, the majority of trucks and buses OEMs indicated that the same wheel can be mounted on both trucks and buses. According to the customers responding to the market investigation, this is true at least for the most common sizes of wheels.²⁰
- (28) *Second*, all customers responding to the market investigation indicated that steel wheels for trucks and steel wheels for buses comply with the same technical standards.²¹
- (29) *Third*, in spite of the market investigation showing differentiated customers' behaviours as to sourcing practices - whilst a number of customers do not source steel wheels for buses and trucks through the same tenders, a number of others indicated that they do²² - all truck and buses OEMs indicated that the price paid for steel wheels for trucks is the same of that of steel wheels for buses.
- (30) On the supply side, the market investigation indicated that steel wheels for buses and trucks are substitutable as:
- (31) *First*, steel wheels for trucks and buses are generally manufactured on the same production lines;
- (32) *Second*, manufacturers of steel wheels generally supply wheels for both buses and trucks (being in most cases the same wheel); and,
- (33) *Third*, suppliers of steel wheels generally are not aware whether their wheels will be used for trucks or buses, when the two wheels are tendered together by OEMs.²³
- (34) In view of the above, the Commission has concluded that steel wheels for buses and trucks form part of the same market.

(b) Steel wheels for trailers

- (35) For the reasons set out below, the Commission takes the view that steel wheels for trailers likely do not form part of the same product market as that of steel wheels for trucks and buses.
- (36) As regards the demand side, *first*, customers indicated that steel wheels for trailers are generally different than those for trucks and buses²⁴ and comply with technical standards different from those of steel wheels for buses and trucks.²⁵ In particular, respondents to the market investigation indicated that steel wheels for

²⁰ Replies to question 4 of eQuestionnaire1 – Customers.

²¹ Replies to question 7 of eQuestionnaire1 – Customers.

²² Minutes of meeting with a competitor, 8 November 2017; Minutes of conference call with a customer, 15 December 2017; Minutes of conference call with a customer, 4 December 2017.

²³ Minutes of conference call with a customer, 4 December 2017.

²⁴ Several trucks/buses manufacturers, such as for example Iveco, Daimler and MAN/Scania, do not manufacture trailers, and vice versa (e.g. Schmitz Cargobull only manufactures trailers). See Minutes of conference call with a customer, 15 December 2017; Minutes of conference call with a customer, 7 December 2017; Minutes of conference call with a customer, 12 December 2017; Minutes of conference call with a customer, 18 December 2017.

²⁵ Replies to question 12 of eQuestionnaire 1 – Customers.

trailers are generally heavier than those for buses and trucks and are for that reason in practice not mounted on these vehicles. The Commission understands that weight is such an important parameter of competition that customers do not consider heavier wheels as interchangeable with lighter wheels.²⁶

- (37) *Second*, steel wheels for trailers are generally sourced in dedicated tenders and are not sourced together with steel wheels for trucks and buses.²⁷
- (38) *Third*, all customers indicated that if faced with a small but significant increase in the price of steel wheels for trucks and buses, they would not switch to a steel wheel for trailers.²⁸ According to a customer responding to the market investigation this is due to a multitude of factors, such as "*different sizes, different wheel weight, different load capacities*".²⁹
- (39) From a supply-side perspective, respondents to the market investigation indicated that the quality requirements for steel wheels for trailers are less stringent than those for steel wheels for buses and trucks, which renders the production process of steel wheels for buses and trucks more demanding than that of steel wheels for trailers. The main difference is that the latter are not required to pass the so-called LBF test.³⁰ This additional complication to the production of steel wheels for trucks and buses explains why Maxion, Mefro Wheels and Gianetti are the only suppliers of these products in the EEA, while there are a number of alternative suppliers of steel wheels for trailers.³¹

3.1.2.3. Conclusion

- (40) In light of the above, the Commission concludes that steel wheels for trucks and buses are part of one single product market, while steel wheels for trailers are likely to form a separate product market. Nevertheless, the exact market definition can be left open for the purposes of this decision, given that the remedies submitted by the Notifying Party address the competition concerns identified by the Commission even under the narrowest plausible market definition.

3.1.3. *Single-piece wheels and multi-piece wheels*

- (41) Steel wheels for trucks, buses and trailers can be manufactured according to two different technologies, resulting in (i) single-piece wheels and (ii) multi-piece wheels.
- (42) Single-piece wheels consist of a spun disc and roll-formed rim, which are welded together. Multi-piece wheels comprise of a wheel rim and separate side ring that

²⁶ Minutes of conference call with a customer, 7 December 2017; Minutes of conference call with a customer, 4 December 2017.

²⁷ Form CO, footnote 43.

²⁸ Replies to question 14 of eQuestionnaire 1 – Customers.

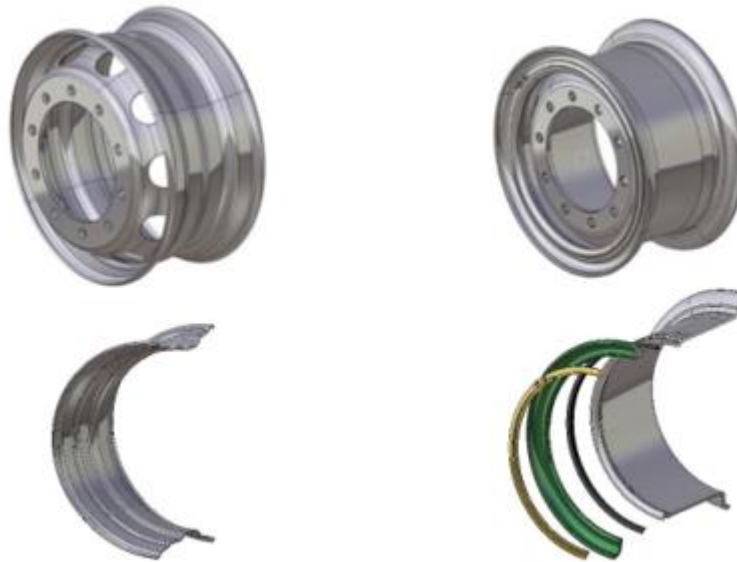
²⁹ Reply to question 14.1 of eQuestionnaire 1 – Customers by a customer.

³⁰ The LBF test (also known as biaxial fatigue test) simulates extreme road conditions to determine whether the wheel can still perform under significant pressure. Trucks and buses OEMs typically require suppliers to have passed this test in addition to their own respective homologation processes.

³¹ Minutes of conference call with a competitor, 16 January 2018; Minutes of conference call with a customer, 7 December 2018.

snaps into place and holds the inflated tire in place. Single-piece wheels are typically used with tubeless tyres, whereas multi-piece wheels, based on an older technology, are generally used with tube-type tyres.³²

Figure 1 – single-piece and multi-piece wheels



- (43) Originally, wheels developed for installation with tube tyres were multi-piece wheels. With the development of tubeless tyres, single-piece wheels were developed. Given that tubeless tyres have today almost completely replaced tube-type tyres, single-piece wheels have almost entirely replaced multi-piece wheels.³³ Therefore, in the EEA the vast majority of trucks, buses and trailers are equipped with single-piece wheels, while multi-piece wheels are currently used only in certain niche applications (such as construction, military and heavy-duty off-road vehicles) representing around 2% of the total demand of wheels for trucks, buses and trailers.³⁴

3.1.3.1. The Notifying Party's view

- (44) The Notifying Party submits that single-piece and multi-piece wheels should be regarded as forming part of a single product market as:
- (a) From a demand-side perspective, multi-piece and single-piece wheels are substitutes for one another in almost all material respects. They are manufactured in standard sizes (although in both cases alternative sizes are available), they can be used on a variety of commercial vehicles and their characteristics as regards payload capacity and durability are broadly the same. In addition, single-piece wheels and multi-piece wheels are tendered for together and supplied to the same customers; and,

³² Form CO, paragraph 78.

³³ This is because tubeless tyres offer several advantages over tube-type tyres as they offer greater contact with the ground and more strength and flexibility, which results in less fuel consumption, less ground damage, greater productivity and reduction of the number of times of needing to replace the tyre and better comfort as shocks and bumps in the road are better absorbed. See Form CO, paragraph 142.

³⁴ Form CO, paragraphs 78 and 142.

- (b) From a supply-side perspective, all suppliers of steel wheels for trucks, buses and trailers manufacture both single-piece and multi-piece wheels. Only Gianetti does not manufacture multi-piece wheels, however it does offer multi-piece wheels [...].³⁵

3.1.3.2. The Commission's assessment

- (45) For the reasons set out below, the Commission takes the view that single-piece wheels and multi-piece wheels constitute different product markets.³⁶
- (46) *First*, the production process of multi-piece wheels is significantly different from the production process of single-piece wheels and the two types of wheels cannot be manufactured on the same production line.³⁷
- (47) *Second*, multi-piece steel wheels are significantly heavier and are not weight optimised. Therefore OEMs would not install them instead of a single-piece wheel.³⁸
- (48) *Third*, the price of multi-piece wheels is not comparable to that of single-piece wheels, the former being generally more expensive.³⁹ This is mainly because more steel is required and because the production process of multi-piece wheels is more labour intensive.⁴⁰
- (49) *Fourth*, multi-piece and single-piece wheels differ significantly in their underlying technology.⁴¹
- (50) *Finally*, multi-piece and single-piece wheels are used in different applications and are not substitutable.⁴² Multi-piece wheels are used on off-road applications while single-piece wheels are for on-road applications. In this regard, the Notifying Party has confirmed that a segmentation based on application, consisting of wheels for specialty vehicles such as agricultural and construction vehicles, would largely coincide with the multi-piece steel wheels segment.⁴³

³⁵ As explained in footnote 5.

³⁶ Minutes of conference call with a competitor, 16 January 2018; Minutes of conference call with a competitor, 17 January 2018; Minutes of conference call with a customer, 12 December 2017; Minutes of conference call with a customer, 7 December 2017.

³⁷ The Notifying Party has confirmed that multi-piece wheels require up to four parts to be fabricated, compared to two parts for a single piece wheel, and as such four separate production processes are needed which leads to higher production costs. The Notifying Party has also confirmed that the manufacturing process for multi-piece wheels is more labour intensive as it involves a large number of manual operations compared to the highly automated process for single-piece wheels. See Form CO, paragraphs 153-155.

³⁸ The Notifying Party has confirmed the difference in terms of weight, as well as the lack of weight optimisation for multi-piece wheels. See Form CO, paragraph 145.

³⁹ Replies to question 26.2 of eQuestionnaire 1 – Customers.

⁴⁰ The Notifying Party has confirmed this, see Form CO, paragraph 146.

⁴¹ Replies to question 26.2 of eQuestionnaire 1 – Customers.

⁴² Replies to question 26.3 of eQuestionnaire 1 – Customers.

⁴³ Form CO, paragraph 78.

3.1.3.3. Conclusion

- (51) In view of the above, the Commission considers that single-piece wheels and multi-piece wheels do not belong to the same product market.

3.1.4. OEM/OES market and IAM

- (52) In previous decisions regarding automotive components, the Commission has defined a delineation by reference to the distribution channel to which the component is supplied, between (i) products for the OEM market (which encompasses both OEM and OES products) and (ii) products sold to the IAM.⁴⁴

3.1.4.1. The Notifying Party's view

- (53) The Notifying Party claims that it is not necessary to segment by reference to the distribution channel to which the product is supplied, as wheels for trucks, buses and trailers are particularly durable and their lifecycle typically outlasts the lifecycle of the vehicle for which they are produced. As a result, wheels are replaced only in exceptional circumstances, for example following an accident.⁴⁵

3.1.4.2. The Commission's assessment

- (54) The Commission has assessed in previous decisions the relevance of the aftermarket in certain durable automotive components and decided that no IAM had to be considered in situations where the product lasts for the lifetime of the vehicle.⁴⁶
- (55) Contrary to wheels for passenger cars which are changed frequently (for instance seasonally) steel wheels for trucks, buses and trailers generally outlast the vehicle where they are mounted and are only replaced in exceptional circumstances. In the case of the Parties, sales of steel wheels for trucks, buses and trailers to the IAM in the EEA represent a very small share of their sales: [...] % of Gianetti's sales and [...] % of Mefro Wheels'.⁴⁷ Steel wheels for trucks, buses and trailers are designed to last for 15-20 years.⁴⁸

3.1.4.3. Conclusion

- (56) However it is not necessary for the Commission to consider whether the market for steel wheels for trucks, buses and trailers could be further segmented according to the distribution channel to which the component is supplied given that the remedies submitted by the Notifying Party will address any possible competition concerns identified by the Commission on all plausible markets.

⁴⁴ Case No. COMP/M.4456 – *Mahle / Dana EPG*, paragraph 10; Case No. COMP/M.7401 – *Blackstone / Alliance BV / Alliance automotive group*, paragraph 12; Case No. COMP/M.6319 – *Triton / Europart*, paragraph 18; Case No. COMP/M.6063 – *Itochu / Speedy*, paragraph 16; Case No. COMP/M.6718 – *Toyota Tsusho Corporation / CFAO*, paragraph 20.

⁴⁵ Form CO, paragraphs 159 and 160.

⁴⁶ Case No. COMP/M.7420 – *ZF/TRW*, paragraph 36.

⁴⁷ Form CO, footnote 71.

⁴⁸ Form CO, paragraph 340.

3.2. Geographic market definition

- (57) The Commission has in previous decisions considered that the geographic scope of the market for the supply of automotive components to the OEM market is at least EEA-wide.⁴⁹

3.2.1. *The Notifying Party's view*

- (58) The Notifying Party claims that the market concerned is at least EEA-wide in scope, but also submits that there are indications that the geographic scope could extend beyond the EEA.
- (59) The Notifying Party however submits that for the purpose of the Transaction there is no need to reach a definitive conclusion with regard to the geographic market. Data is provided on an EEA-wide basis as regards all plausible OEM markets.

3.2.2. *The Commission's assessment*

- (60) The results of the market investigation broadly confirm the Notifying Party's claim, both as regards steel wheels for trucks and buses and steel wheels for trailers, and as regards single-piece and multi-piece wheels.⁵⁰
- (61) Customers indicated that tenders for these products are organised at EEA level. Certain respondents indicated that their sourcing is centralised on a global level, but explained that suppliers can submit bids limited to the geographic areas in which they are active, and that the EEA is regarded as one of the regions.⁵¹
- (62) Customers responding to the market investigation also indicated that they source the majority of steel wheels (for all types of vehicles) for their EEA demand from plants located in the EEA. However, a proportion of the demand is imported from plants located in Turkey. In this respect, respondents to the market investigation indicated that more than 60%, and for some respondents more than 90%, of steel wheels originate from plants located in the EEA.⁵²
- (63) Customers responding to the market investigation also indicated that price and non-price considerations restrict the geographic area of sourcing of steel wheels:
- (64) *First*, as regards price considerations, customers responding to the market investigation indicated that sourcing steel wheels further away than the EEA would significantly increase transport and logistic costs, thus making the sourcing non-competitive;

⁴⁹ Case No. COMP/M.7174 - *Federal-Mogul Corporation / Honeywell Friction Materials*, paragraph 20; Case No. COMP/M.6183 - *Mahle / Behr*, paragraph 16; Case No. COMP/M.5862 - *Mahle / Behr / Behr Industry*, June 2010, paragraph 15; Case No. COMP/M.4878 - *Continental / Siemens VDO*, paragraphs 50-51; Case No. COMP/M.4456 - *Mahle / Dana EPG*, paragraphs 19-23; Case No. COMP/M.4271 - *Daikin / Oyl*, October 2006, paragraph 18.

⁵⁰ Minutes of conference call with a customer, 7 December 2017; Minutes of conference call with a customer, 15 December 2017; Minutes of conference call with a customer, 4 December 2017; Minutes of conference call with a customer, 12 December 2017; Minutes of conference call with a customer, 18 December 2017.

⁵¹ Replies to question 45.1 of eQuestionnaire 1 – Customers.

⁵² Replies to question 30 of eQuestionnaire 1 – Customers.

- (65) *Second*, customers responding to the market investigation indicated that sourcing wheels from further away than the EEA and Turkey would cause potential issues in the logistic chain, as it will be more difficult for suppliers to respect delivery lead times; and,
- (66) *Third*, customers responding to the market investigation indicated that suppliers outside the EEA (including imports from Turkey) are not currently able to supply wheels meeting the requirements of European OEMs. Therefore, OEMs procure wheels for their activities in the EEA generally only within the EEA.⁵³

3.2.3. *Conclusion*

- (67) In view of the results of the market investigation and in line with previous cases, the Commission has concluded that the geographic scope of the market of steel wheels for trucks, buses and trailers for OEMs is EEA-wide.⁵⁴ This is the case for all types of wheels (multi-piece and single-piece, steel wheels for trucks, buses and trailers).

3.3. **Conclusion on market definition**

- (68) In light of the above, the Commission considers that the relevant markets with regard to the Transaction are:
- (a) The EEA-wide market for the manufacture and supply of single-piece steel wheels for trucks, buses and trailers for the OEM market with a possible sub-segmentation between a market for trucks/buses and a separate market for trailers; and,
 - (b) The EEA-wide market for the manufacture and supply of multi-piece steel wheels for trucks and buses.⁵⁵

4. **COMPETITIVE ASSESSMENT**

4.1. **Horizontal effects**

4.1.1. *The Notifying Party's view*

- (69) The Notifying Party claims that the Transaction will not result in a significant impediment to effective competition as a result of horizontal non-coordinated effects on any of the affected markets:
- (70) *First*, the Transaction will not materially change the competitive dynamics of the market. According to the Notifying Party, the largest customers (i.e., truck and bus OEMs) tend to award a significant proportion of their volume requirements (more than 50% and up to 80% of their total requirements) to a single player in order to achieve maximum price competition while ensuring security of supply.

⁵³ Replies to question 33 of eQuestionnaire 1 – Customers.

⁵⁴ The wheels manufactured in Turkey for installation on buses and trucks in the EEA are fully compliant with the technical specification and the quality and design standard applicable in the EEA. Also, these wheels are tendered for installation on EEA buses and trucks.

⁵⁵ Gianetti does not have sales of multi-piece steel wheels for trailers.

Suppliers with the highest levels of capacity must maintain a significant “share of wallet” of these OEMs in order to cover their costs, and so the largest suppliers compete hard to retain volume and increase it where possible. [...]. The Notifying Party contends that the Transaction will not change this dynamic.

- (71) *Second*, competition from low-cost country suppliers is expected to increase in the near future. According to the Notifying Party, [low-cost country suppliers' prices are expected to be lower and they are credible competitors].
- (72) *Third*, the Notifying Party claims that OEMs have a significant degree of countervailing buyer power. This is because demand is concentrated in a small number of large, sophisticated purchasers using a variety of procurement strategies to maximise competition between suppliers. According to the Notifying Party, after the Transaction these customers [will retain their ability to switch].

4.1.2. *The Commission's assessment*

4.1.2.1. Horizontal non-coordinated effects: single-piece steel wheels for trucks and buses (and trailers)

(a) Market Structure

- (73) Below are the estimated market shares of the Parties for the supply of single-piece steel wheels on the overall market of single-piece steel wheels for trucks, buses and trailers as well as on the narrower market of steel wheels for trucks and buses in the EEA for the period 2014-2016:

Table 1 – EEA-market shares (in volume) –trucks, buses and trailers, single-piece wheels

	2014	2015	2016
Gianetti	[10-20]%	[10-20]%	[10-20]%
Mefro Wheels	[50-60]%	[50-60]%	[40-50]%
Combined	[60-70]%	[60-70]%	[50-60]%
Maxion	[30-40]%	[30-40]%	[30-40]%
Others	[0-5]%	[0-5]%	[5-10]%
Total	100%	100%	100%

Source: Form CO

Table 2 – EEA-market shares (in volume) –trucks and buses, single-piece wheels

	2014	2015	2016
Gianetti	[10-20]%	[10-20]%	[10-20]%
Mefro Wheels	[50-60]%	[50-60]%	[40-50]%
Combined	[60-70]%	[60-70]%	[60-70]%
Maxion	[30-40]%	[30-40]%	[30-40]%
Others	[0-5]%	[0-5]%	[0-5]%
Total	100%	100%	100%

Source: Form CO

- (74) The Transaction will result in the reduction of competitors on the market for single-piece steel wheels for trucks and buses from 3 to 2 in the EEA, with the only large remaining competitor being Maxion.

(b) Competitive assessment

- (75) The following assessment is carried out on the basis of the narrowest plausible market, meaning the market for single-piece steel wheels for trucks and buses. However the same conclusions apply to the broader market encompassing single-piece steel wheels for buses, trucks and trailers. The competitive dynamics on this broader market are in fact similar, and the competitive constraint imposed by the additional players applies only to the sub-segment of sales to trailer manufacturers, which represents only about one third of the market.
- (76) The Commission further observes that the trailer segment accounts for a negligible proportion of the overlap between the Parties' activities given Gianetti's minimal position in the trailer segment, amounting to only [0-5]%. Therefore, the assessment carried out and the conclusion reached below on the market for single-piece steel wheels for trucks and buses would apply in the same manner should the overall market of single-piece steel wheels for trucks, buses and trailers be retained.
- (77) Contrary to the Notifying Party's claim, the Commission takes the view that the Transaction will result in a significant impediment to effective competition on the EEA market for the production and sale of single-piece steel wheels for trucks and buses for the reasons set out below.
- (78) *First*, as indicated above, the Transaction will result in a reduction of the number of suppliers of steel wheels for trucks and buses from three to two. The Transaction will also result in the creation of the largest player on the market and the reinforcement of Mefro Wheels' existing strong position on the market.
- (79) *Second*, in consistency with the information provided by the Notifying Party, the vast majority of customers that responded to the market investigation indicated that, at least for the most common wheel sizes⁵⁶, they multisource and generally select a supplier for the majority of the supply volume (the main supplier) and a supplier for the remaining proportion (the back-up supplier).⁵⁷ Those OEMs that do not multisource for individual wheel sizes nonetheless have a global multi-sourcing strategy.
- (80) The Transaction will therefore eliminate the possibility of OEMs to switch suppliers as OEMs will not have any supplier to switch to. Rather, they will only be left with the possibility to allocate volumes between Maxion and the merged entity (which, depending on the contract will be main or back-up supplier), thereby limiting their countervailing bargaining power. Indeed, switching suppliers is not immediate but nonetheless possible and not uncommon in the market place, as the market investigation indicated, and as a result of the Transaction the OEMs will thus be deprived of a tool to react to price increases vis-à-vis their suppliers: switching or threaten to switch to non-contracted

⁵⁶ The 22.5"x9" and the 22.5"x11.75" steel wheels are the "industry standard" for the truck/bus and trailer wheel respectively. These two wheel sizes are mounted on approximately 70% of all commercial vehicle applications. See Form CO, paragraph 432.

⁵⁷ The Commission understands that the percentage of supply allocated to the main and back-up supplier respectively varies on a case-by-case basis.

suppliers. As a consequence, the disciplining effect of the OEMs on the merged entity will be greatly diminished.

- (81) *Third*, the responses of the customers contradicted the Notifying Party's claim that low-cost country suppliers impose a competitive constraint on the EEA suppliers. None of the OEMs responding to the market investigation has in fact qualified any low-cost country supplier for the supply of steel wheels for buses and trucks.⁵⁸
- (82) Customers further indicated that they do not expect the competitive constraint imposed by low-cost countries' producers to increase in the foreseeable future. Only a limited number of OEMs are in the process of qualifying low-cost country suppliers. In most cases however either that process has failed or the qualification process is not expected to be successfully carried out before the next 3 to 5 years.⁵⁹
- (83) The analysis of the bidding data collected by the Commission in the course of the investigation (the "Bidding Data")⁶⁰ supported these findings. The Bidding Data indicate that only the Parties and Maxion compete on the market for the supply of steel wheels for buses and trucks. In fact, in all the tenders recorded the Parties and Maxion were shortlisted, while in only two observations a low-cost country supplier was shortlisted. The Bidding Data also indicated that only Maxion and the Parties have been allocated volumes (either as main supplier or back-up supplier).
- (84) *Fourth*, the market investigation indicated that customers generally consider the Parties to be close competitors. The majority of customers in fact consider Maxion as the main player on the EEA market, followed by Mefro Wheels and Gianetti. This finding confirms the data provided by the Parties, which indicates that in terms of [...]. The difference in market share between Gianetti on the one hand and Mefro Wheels and Maxion on the other is mainly due to the difference in production capacity. Also, an analysis of the evolution of the market shares shows that the volumes lost by Mefro Wheels have not only been captured by Maxion, but also in an almost equal amount by Gianetti.
- (85) *Finally*, the investigation indicated that barriers to entry on this market are high, the main being the compliance with the technical requirements of the OEMs. Customers explained that completing the homologation process is essential to be able to supply them, and that this process takes a considerable amount of time (in excess of 1-2 years) and a significant investment (in excess of EUR 200 000).
- (86) Barriers to entry are further raised by the fact that the Parties and Maxion are in the process of developing lighter steel wheels. A new entrant on the EEA market would not only need to successfully satisfy all the technological and engineering

⁵⁸ Replies to question 40 of eQuestionnaire 1 – Customers.

⁵⁹ Replies to question 41 of eQuestionnaire 1 – Customers.

⁶⁰ The Bidding Data has been collected from OEMs and covers tenders for the supply of steel wheels for buses and trucks issued in the past 5 years. The Bidding Data indicates for each tender separately (i) the suppliers that received a request for quotation ("RFQ"), (ii) the suppliers who submitted a bid, (iii) the ones that have been shortlisted, (iv) the main supplier selected, (v) the back-up supplier selected and (vi) in some instances, the first runner-up. The Bidding Data do not distinguish between single-piece and multi-piece wheels.

requirements necessary to pass the qualification processes of all the OEMs; it would also have to bridge that Research & Development ("R&D") gap to become a competitive force on the market.

- (87) A significant proportion of customers indicated that they would not mount a heavier steel wheel on their vehicles, and an equivalent proportion indicated that it would do so only in case of a significant price difference. OEMs that indicated their openness to mount heavier wheels however indicated that the additional weight they are prepared to accept is in the order of 2 kilograms at most. The market investigation indicated that low-cost country suppliers' wheels are currently more than 2 kilograms heavier than the wheels supplied by EEA suppliers and that the ones under development will most likely not be in that weight range either.
- (88) The Commission therefore understands that a low-cost country supplier willing to enter the EEA market, further to successfully completing the qualification process, would have to carry out significant R&D efforts to become an effective competitive constraint on the market.
- (89) This is further supported by the fact that OEMs did not observe any entry of new players on the EEA market for the supply of steel wheels for trucks and buses in the past 3 to 5 years, nor do they expect entry of new players in the next 3 to 5 years.⁶¹

(c) Conclusion

- (90) For the reasons set out in paragraphs (75) to (89) above, and in light of the market investigation and of the evidence available to it, the Commission takes the view that the Transaction raises serious doubts as to its compatibility with the internal market by way of horizontal non-coordinated effects in respect of the EEA market for the production and sale of single-piece steel wheels for buses and trucks⁶².

4.1.2.2. Horizontal non-coordinated effects: single-piece steel wheels for trailers

(a) Market Structure

- (91) Below are the estimated market shares of the Parties for the supply of single-piece steel wheels for trailers in the EEA for the period 2014-2016:

⁶¹ Replies to questions 53.1, 53.1.1, 54.1 and 54.1.1 of eQuestionnaire 1 – Customers.

⁶² For the reasons stated in paragraphs (75) and (76) above, this conclusion is also valid for the broader market comprising single-piece steel wheels for trucks, buses and trailers.

Table 3 – EEA-market shares (in volume) – trailers, single-piece wheels

	2014	2015	2016
Gianetti	[0-5]%	[0-5]%	[0-5]%
Mefro Wheels	[50-60]%	[40-50]%	[40-50]%
Combined	[50-60]%	[40-50]%	[40-50]%
Maxion	[30-40]%	[30-40]%	[40-50]%
Others	[10-20]%	[10-20]%	[10-20]%
Total	100%	100%	100%

Source: Form CO

- (92) Gianetti is not active in the supply of multi-piece wheels for trailers, and therefore the Transaction does not generate an overlap on that market.

(b) Competitive assessment

- (93) For the reasons set out below, the Commission takes the view that the Transaction will not result in a significant impediment of effective competition on the EEA market for single-piece steel wheels for trailers.
- (94) *First*, the increment brought about by the Transaction is limited. Gianetti's market share is estimated at [0-5]% in each of the past three years [...].⁶³ The Commission therefore takes the view that the Transaction will not significantly alter the competitive structure of the market.
- (95) *Second*, the market investigation indicated that on the market for the manufacture and sale of single-piece steel wheels for trailers, low-cost country producers do impose a competitive constraint.
- (96) Customers responding to the market investigation explained that steel wheels for trailers have to comply with different, less stringent, technical requirements, and that low cost country suppliers are able to actively supply them in the EEA. This is reflected in the structure of the market, as almost 20% of the supply (under the heading "others") comes from low-cost country suppliers.
- (97) *Third*, the barriers to entry in this market are relatively low. Aside from the less stringent and easier-to-meet technical requirements, the market investigation indicated that steel wheels for trailers are heavier and OEMs and end customers are more concerned about the price rather than the weight. In that respect, therefore, low-cost country suppliers would not need to overcome the further barrier constituted by the R&D gap to develop a lighter wheel.
- (98) This conclusion is further supported by the fact that customers indicated that they observed entry of new players, precisely from low-cost countries, in the past 5 years and are expecting new low-cost country suppliers to enter the market in the next 3 to 5 years.⁶⁴

⁶³ Gianetti's prospective market share in steel wheels for trailers in the EEA is estimated to be [0-10]% in 2017, [0-10]% in 2018 and [0-10]% in 2019 (Form CO, table 15).

⁶⁴ Replies of questions 53.2, 53.2.1, 54.2 and 54.2.1 of eQuestionnaire 1 – Customers.

(c) Conclusion

- (99) In light of the above, the Commission takes the view that the Transaction does not raise serious doubts as to its compatibility with the internal market in respect of the EEA market for the production and sale of single-piece steel wheels for trailers.

4.1.2.3. Horizontal non-coordinated effects: multi-piece steel wheels for trucks and buses

(a) Market Structure

- (100) Below are the estimated market shares of the Parties for the supply of multi-piece steel wheels for trucks and buses in the EEA for the period 2014-2016:

Table 4 – EEA-market shares (in volume) – trucks and buses, multi-piece wheels

	2014	2015	2016
Gianetti	[10-20]%	[20-30]%	[20-30]%
Mefro Wheels	[20-30]%	[20-30]%	[20-30]%
Combined	[40-50]%	[40-50]%	[40-50]%
Maxion	[60-70]%	[50-60]%	[50-60]%
Others	[0-5]%	[0-5]%	[0-5]%
Total	100%	100%	100%

Source: Form CO

- (101) The Commission observes that sales of multi-piece steel wheels for trucks and buses in the EEA are limited, amounting to approximately 110 000 wheels in 2016.⁶⁵

(b) Competitive assessment

- (102) For the reasons below, the Commission takes the view that the Proposed Transaction will result in a significant impediment to effective competition on the EEA market for the production and sale of multi-piece steel wheels for trucks and buses.
- (103) As evidenced in Table 4 above, the Proposed Transaction will result in the reduction of suppliers from three to two. Differently from the market for single-piece steel wheels for buses and trucks, however, on this market Maxion is, and will remain post Transaction, the market leader while the merged entity will become the second player. No other competitor has been observed.
- (104) Apart from this difference in the market structure, the assessment carried out above in relation to single-piece steel wheels for trucks and buses does not materially differ and applies thus to the market for the manufacture and sale of multi-piece steel wheels for trucks and buses as well. The Parties in fact are close competitors also on this market and the OEMs will be deprived of choice as to their suppliers, and therefore – as explained above – their countervailing bargaining power will be significantly diminished.

⁶⁵ Form CO, table 21.

(c) Conclusion

- (105) For the reasons set out in paragraphs (100) to (104) above, and in light of the market investigation and of the evidence available to it, the Commission takes the view that the Proposed Transaction raises serious doubts as to its compatibility with the internal market by way of horizontal non-coordinated effects in respect of the EEA market for the production and sale of multi-piece steel wheels for trucks and buses.

4.2. Coordinated effects: wheels for passenger cars and LCVs

- (106) As explained above (see paragraph (10)), Accuride holds a majority share in Gianetti (80.94%) while the remaining 19.06% is owned by MW Italia. Both MW Italia and Mefro Wheels are active in the production and sale of steel wheels for passenger cars ("PC") and light commercial vehicles ("LCV").
- (107) In past decisions, the Commission has generally regarded each component to constitute a separate product market. Further, the Commission generally considered, without however reaching a definitive conclusion, that the market for each component could be further segmented between PC and LCV.
- (108) MW Italia has a share of [20-30]% on the plausible market for the manufacture and sale of steel wheels for PC, and [20-30]% on the market for the manufacture and sale of steel wheels for LCVs, while Mefro Wheels has a share of [10-20]% on the market for the manufacture and sale of steel wheels for PCs and of [50-60]% on the market for the manufacture and sale of steel wheels for LCVs.
- (109) In its assessment, the Commission has analysed whether the Transaction could enable Accuride and MW Italia to coordinate their behaviour on those markets because of their joint presence on Gianetti's board. Particularly, the Commission has assessed whether its presence on Gianetti's board could allow MW Italia to obtain sensitive information on Mefro Wheels' competitive behaviour on the market for wheels for PCs and LCVs.
- (110) The Notifying Party claims that this scenario is purely speculative as [...] MW Italia will not receive any kind of information on its competitive behaviour on the market.
- (111) Post-Transaction, Accuride plans to [...].
- (112) As regards the information flow, the Notifying Party claims that MW Italia currently [...].
- (113) The Commission takes the view that the risk of cooperative effects of the Transaction in relation in particular to the market for the manufacture and sale of steel wheels for LCV cannot be excluded. First, this market is a neighbouring market to the markets for steel wheels for heavy commercial vehicles. Second, both Mefro Wheels and MW Italia are important competitors on the market for the manufacturing and sales of steel wheels for LCVs with high individual market shares of [50-60]% and [20-30]% and a combined market shares of [80-90]% which would likely make coordination profitable. Third, the relative turnover of Gianetti, which could be used as a vehicle of coordination, is significant in relation to the turnover of the parents, MW Italia and Accuride.

- (114) The Commission however considers that it is not necessary to conclude whether the Transaction raises serious doubts with regard to coordinated effects, as in any event, as explained in paragraph (130) below, the remedies proposed by the Notifying Party will remove any link with MW Italia and therefore solve any possible competition concerns in this respect.

4.3. Conclusion on the competitive assessment

- (115) In light of the above, the Commission takes the view that the Transaction raises serious doubts as to its compatibility with the internal market as a result of horizontal non-coordinated effects on the following EEA-wide markets:

- (a) Production and sale of single-piece steel wheels for trucks and buses; and,
- (b) Production and sale of multi-piece steel wheels for trucks and buses.

5. PROPOSED REMEDIES

- (116) In order to render the concentration compatible with the internal market, the undertakings concerned have modified the notified concentration by entering into the following commitments, which are annexed to this decision and form an integral part thereof.

5.1. Framework for the assessment of the Commitments

- (117) As background, the following principles, as referred to in Commission Regulation (EC) No 802/2004, and in the Commission Notice on remedies acceptable under the Merger Regulation (“the Remedies Notice”)⁶⁶, notably apply where the parties to a merger choose to offer commitments with a view to rendering the concentration compatible with the internal market.
- (118) Where the Commission finds that a concentration raises competition concerns in that it could significantly impede effective competition, in particular as a result of the creation or strengthening of a dominant position, the Parties may seek to modify the concentration in order to resolve the competition concerns and thereby gain clearance of their merger.⁶⁷
- (119) The Commission only has power to accept commitments that are deemed capable of rendering the concentration compatible with the internal market so that they will prevent a significant impediment of effective competition in all relevant markets where competition concerns were identified.⁶⁸ To this aim, the commitments have to eliminate the competition concerns entirely⁶⁹ and have to be comprehensive and effective from all points of view.⁷⁰

⁶⁶ Commission notice on remedies acceptable under Council Regulation (EC) No 139/2004 and under Commission Regulation (EC) No 802/2004 (the “Remedies Notice”), OJ 2008/C 267/01.

⁶⁷ Remedies Notice, recital 5.

⁶⁸ Remedies Notice, recital 9.

⁶⁹ See also Case C-202/06 P *Cementbouw Handel & Industrie v Commission* [2007] ECR 2007 I-12129, paragraph 54.

⁷⁰ Remedies Notice, recitals 9 and 61.

- (120) In assessing whether the proposed commitments will likely eliminate the competition concerns identified, the Commission considers all relevant factors including *inter alia* the type, scale and scope of the proposed commitments, judged by reference to the structure and particular characteristics of the market.⁷¹
- (121) Commitments in Phase I can only be accepted where the competition concerns are readily identifiable and can be easily remedied. The remedies need to be so clear-cut that it is not necessary to enter into an in-depth investigation as to whether they are sufficient to rule out 'serious doubts' within the meaning of Article 6(1)(c) of the Merger Regulation.⁷² The commitments must be capable of being implemented effectively within a short period of time.⁷³
- (122) In this regard divested activities must consist of a viable business that, if operated by a suitable purchaser, can compete effectively with the merged entity on a lasting basis and that is divested as a going concern.⁷⁴
- (123) It is against this background that the Commission assessed the viability, the workability, the effectiveness and the ability of the proposed commitments to entirely eliminate the competition concerns identified.

5.2. Procedure

- (124) To remedy the serious doubts identified following the phase I market investigation, the Notifying Party formally proposed commitments on 16 March 2018 ("the Commitments").
- (125) The results of the market test were positive in that most respondents agreed that the Commitments would remedy the Commission's serious doubts.
- (126) The Commission informed the Parties of the outcome of the market test during a conference call on 16 April 2018.
- (127) Following this feedback the text of the commitments was amended and finally filed on 20 April 2018.

5.3. Description of the Commitments

- (128) The Commitments proposed by the Notifying Party consist of the divestiture of Gianetti as a fully operational stand-alone legal entity (the "Divestment Business").
- (129) The Divestment Business operates one single plant in the North of Italy, which will be fully transferred, with all assets, personnel, licenses and contracts. All the customers and suppliers' contracts are in the name of the Divestment Business and will be transferred to the buyer.⁷⁵

⁷¹ Remedies Notice, recital 12.

⁷² Remedies Notice, recital 81.

⁷³ Remedies Notice, recital 9.

⁷⁴ Remedies Notice, recital 23.

⁷⁵ This with the exception of two servicing contracts that have been put in place by Accuride globally and concern (i) [...]. However, for those services it would be possible for the purchaser to directly

- (130) Accuride currently owns 80.94% of Gianetti's share capital, the remaining 19.06% is owned by MW Italia. The shareholder agreement entered into by and between Accuride and MW Italia granted the latter a right of first refusal in the event of sale of Accuride's share to a third party. This right was however waived by MW Italia prior to notification. The shareholders agreement also includes a drag and tag along right in case of a sale of Accuride's share to third parties. On this basis Accuride will be divesting 100% of the Divestment Business.
- (131) The Notifying Party submits that the Commitments would entirely eliminate all overlaps, as Accuride is active in the EEA via the Divestment Business only, therefore removing any competition concern raised by the Transaction.
- (132) The Notifying Party submits that the Divestment Business is a viable and competitive business. It includes all business activities and related assets for the manufacturing and sale of steel wheels (single-piece and multi-piece)⁷⁶ for trucks, buses and trailers that will enable it to continue operating and competing post-divestment. It will also allow for a swift divestment process that can be implemented within a short time period.
- (133) Moreover, the Notifying Party has explained that Gianetti was acquired in November 2015 and it entered into a commitment with the seller (MW Italia) to carry out investments of EUR [...] over the following three years. As a result, a number of operational improvements have been performed resulting in higher levels of productivity and profitability of the plant. Further, the Notifying Party has committed to implement the remaining investments that are still pending from those committed before 30 June 2018.⁷⁷ These investments will improve the competitiveness as well as the attractiveness of the Divestment Business for suitable purchasers.
- (134) The Notifying Party has also committed to sell the Divestment Business to a suitable purchaser, defined as (i) independent from any of the Parties, (ii) having the necessary financial stability and proven expertise to manage the Divestment Business, and (iii) unlikely to raise *prima facie* competition concerns.⁷⁸
- (135) In addition the Notifying Party has entered into related commitments, *inter alia*, a hold-separate obligation and the appointment of a monitoring trustee to ensure the continued viability and competitiveness of the Divestment Business and compliance of the Notifying Party with the Commitments.⁷⁹
- (136) In parallel to the market test, the Notifying Party initiated the sales procedure of the Divestment Business and received a number of letters of interest from interested potential buyers.

enter into supply arrangements to cover the same products and services for the Divestment Business, either with the same suppliers or with alternative providers. In any case, Accuride has also committed to use its best efforts to assist the Purchaser in negotiating competitive terms [...]. (Paragraph 2(c) of the Schedule to the Commitments).

⁷⁶ Gianetti does not manufacture multi-piece steel wheels but procures them from a third-party supplier and sells them to its customers.

⁷⁷ Clause 6(c) of the Commitments.

⁷⁸ Section D of the Commitments.

⁷⁹ Section E of the Commitments.

6. ASSESSMENT OF THE PROPOSED REMEDIES

- (137) The Commission launched the market test of the Commitments proposed by the Notifying Party on 26 March 2018 with customers and 9 April 2018 with potential purchasers. The results of the market test indicated that the divestment of the Gianetti Divestment Business to a suitable purchaser is sufficient to remove the competition concerns raised by the Proposed Transaction.
- (138) The vast majority of respondents to the market test confirmed that the Commitments would remove competition concerns on the markets for single-piece and multi-piece steel wheels for trucks and buses as well as on the overall market for single-piece steel wheels for trucks, buses and trailers.⁸⁰
- (139) The Divestment Business has also come about as a viable undertaking that will continue to be a competitive force on the market post-divestment and that will allow the new purchaser to reach customers effectively. Moreover, none of the replies raised any substantive issue or identified risks in the divestment that could threaten the viability of the Divestment Business.⁸¹ The replies also showed that there are no third party rights or other decisive elements that would be necessary for the Divestment Business to be competitive.⁸²
- (140) One respondent indicated concerns with regard to the customers approving the transfer of the Divestment Business, [...].⁸³
- (141) The Commission however considers that it does not significantly threaten the viability of the Divestment Business.
- (142) *First*, the Commission notes that [...].⁸⁴
- (143) *Second*, Accuride has agreed to commit to use its best efforts to [...].⁸⁵
- (144) *Third*, even if Volvo [...], it would not cause significant harm to the Divestment Business so as to threaten its viability [...].⁸⁶ [...].⁸⁷
- (145) *Fourth*, the vast majority of customers that replied to the market test stated that [...],⁸⁸ which contributes to preserving its profitability and viability post divestment, as well as its attractiveness for potential purchasers.
- (146) The market test further confirmed that the Divestment Business is an attractive business that can capture interest from suitable purchasers.⁸⁹ Those purchasers, complying with the relevant criteria of financial stability and expertise, would be

⁸⁰ Replies to questions 1 to 1.4 of eQuestionnaire 1 – Customers – Remedies and questions 1 to 1.4 of Questionnaire 2 – Competitors – Remedies.

⁸¹ Replies to questions 2 to 4.2 of eQuestionnaire 1 – Customers – Remedies.

⁸² Replies to questions 4 and 4.1 of eQuestionnaire 2 – Competitors – Remedies.

⁸³ Replies to questions 3.1 and 5 of eQuestionnaire 2 – Competitors – Remedies.

⁸⁴ [...].

⁸⁵ Section C, paragraph 6(d) of the Commitments.

⁸⁶ Reply to question 3 of RFI 3 – Parties.

⁸⁷ Form CO, table 26.

⁸⁸ Replies to questions 13 to 14.1 of eQuestionnaire 1 – Customers – Remedies.

⁸⁹ Replies to questions 7, 7.1, 15 and 15.1 of eQuestionnaire 2 – Competitors – Remedies.

in a position to be an effective force able to compete against the combined entity post-Transaction in the EEA in the markets for steel wheels for trucks and buses.⁹⁰

- (147) Concerning suitable purchasers more precisely, replies to the market test nevertheless reflected that the purchaser should have previous experience in the automotive sector, although not necessarily in the manufacturing of wheels: experience as regards other automotive components would be sufficient. When asked which companies could be suitable suppliers, replies showed a wide variety of possibilities, including producers of different automotive components, steel or aluminium producers or financial investors with experience in the sector.⁹¹
- (148) The Commission communicated to the Notifying Party the feedback concerning the nature of a suitable purchaser. Accordingly, the Notifying Party modified the text of the Commitments to ensure that a financial investor could only be considered a suitable purchaser to the extent that it has previous experience in the automotive sector.⁹²
- (149) The proposed Commitments eliminate entirely the competition concerns identified given they will remove the complete overlap between the Parties' activities. They are also comprehensive and effective, and capable of being implemented in a short period of time due to the lack of risks or difficulties involved.
- (150) Finally, since there is sufficient interest of potentially suitable buyers as proven by the results of the market test as well as the interest shown to the Notifying Party in the sale process,⁹³ and given the likely absence of implementation risks, an upfront buyer setting does not appear appropriate.
- (151) For the reasons outlined above, the Commitments entered into by the undertakings concerned are sufficient to eliminate the serious doubts as to the compatibility of the transaction with the internal market.
- (152) The Commitments in Section B of the Annex constitute conditions attached to this decision, as only through full compliance therewith can the structural changes in the relevant markets be achieved. The other commitments set out in the Annex constitute obligations, as they concern the implementing steps which are necessary to achieve the modifications sought in a manner compatible with the internal market.

⁹⁰ Replies to questions 5 to 6.4.1 of eQuestionnaire 1 – Customers – Remedies. For the reasons outlined in paragraphs (75) and (76) the same applies to the broader market comprising single-piece steel wheels for trucks, buses and trailers.

⁹¹ Replies to questions 7 to 12 of eQuestionnaire 1 – Customers – Remedies and replies to questions 8 to 13 of eQuestionnaire 2 – Competitors – Remedies.

⁹² Section D, paragraph 14(c) of the Commitments.

⁹³ According to the Notifying Party, [...].

7. CONCLUSION

- (153) For the above reasons, the Commission has decided not to oppose the notified operation as modified by the Commitments and to declare it compatible with the internal market and with the functioning of the EEA Agreement, subject to full compliance with the conditions in section B of the Commitments annexed to the present decision and with the obligations contained in the other sections of the said commitments. This decision is adopted in application of Article 6(1)(b) in conjunction with Article 6(2) of the Merger Regulation and Article 57 of the EEA Agreement.

For the Commission

(Signed)

Phil HOGAN

Member of the Commission

CASE M.8652 – ACCURIDE / MEFRO WHEELS
COMMITMENTS TO THE EUROPEAN COMMISSION

Pursuant to Article 6(2) of Council Regulation (EC) No. 139/2004 (the “**Merger Regulation**”), Accuride Corporation (the “**Notifying Party**”) hereby enters into the following Commitments (the “**Commitments**”) vis-à-vis the European Commission (the “**Commission**”) with a view to rendering the acquisition of mefro wheels GmbH by Accuride (the “**Concentration**”) compatible with the internal market and the functioning of the EEA Agreement.

This text shall be interpreted in light of the Commission’s decision pursuant to Article 6(1)(b) of the Merger Regulation to declare the Concentration compatible with the internal market and the functioning of the EEA Agreement (the “**Decision**”), in the general framework of European Union law, in particular in light of the Merger Regulation, and by reference to the Commission Notice on remedies acceptable under Council Regulation (EC) No 139/2004 and under Commission Regulation (EC) No 802/2004 (the “**Remedies Notice**”).

Section A. Definitions

- 1 For the purpose of the Commitments, the following terms shall have the following meaning:

Affiliated Undertakings: undertakings controlled by the Parties and/or by the ultimate parents of the Parties, whereby the notion of control shall be interpreted pursuant to Article 3 of the Merger Regulation and in light of the Commission Consolidated Jurisdictional Notice under Council Regulation (EC) No 139/2004 on the control of concentrations between undertakings (the “**Consolidated Jurisdictional Notice**”).

Accuride: Accuride Corporation, incorporated under the laws of the State of Delaware, with principal office at 7140 Office Circle, Evansville, IN 47715, USA, US Tax identification number 611109077.

Assets: the assets that contribute to the current operation or are necessary to ensure the viability and competitiveness of the Divestment Business as indicated in Section B, paragraph 5 (a), (b) and (c) and described more in detail in the Schedule.

Closing: the transfer of the legal title to the Divestment Business to the Purchaser.

Closing Period: the period of [...] from the approval of the Purchaser and the terms of sale by the Commission.

Confidential Information: any business secrets, know-how, commercial information, or any other information of a proprietary nature that is not in the public domain.

Conflict of Interest: any conflict of interest that impairs the Trustee's objectivity and independence in discharging its duties under the Commitments.

Divestment Business: Accuride's 80.1% equity interest in the business or businesses as defined in Section B and in the Schedule which the Notifying Party commits to divest.

Divestiture Trustee: one or more natural or legal person(s) who is/are approved by the Commission and appointed by Accuride and who has/have received from Accuride the exclusive Trustee Mandate to sell the Divestment Business to a Purchaser at no minimum price.

Effective Date: the date of adoption of the Decision.

First Divestiture Period: the period of [...] from the Effective Date.

Hold Separate Manager: the person appointed by Accuride for the Divestment Business to manage the day-to-day business under the supervision of the Monitoring Trustee.

Key Personnel: all personnel necessary to maintain the viability and competitiveness of the Divestment Business, as listed in **Annex 2**, including the Hold Separate Manager.

Monitoring Trustee: one or more natural or legal person(s) who is/are approved by the Commission and appointed by Accuride, and who has/have the duty to monitor Accuride's compliance with the conditions and obligations attached to the Decision.

Parties: the Notifying Party and the undertaking that is the target of the concentration.

Personnel: all staff currently employed by the Divestment Business, including staff seconded to the Divestment Business, shared personnel as well as the additional personnel listed in **Annex 1**.

Purchaser: the entity approved by the Commission as acquirer of the Divestment Business in accordance with the criteria set out in Section D.

Purchaser Criteria: the criteria laid down in paragraph 14 of these Commitments that the Purchaser must fulfil in order to be approved by the Commission.

Schedule: the schedule to these Commitments describing more in detail the Divestment Business.

Trustee(s): the Monitoring Trustee and/or the Divestiture Trustee as the case may be.

Trustee Divestiture Period: the period of [...] from the end of the First Divestiture Period.

Section B. The commitment to divest and the Divestment Business

Commitment to divest

- 2 In order to maintain effective competition, accuride commits to divest, or procure the divestiture of the divestment business by the end of the trustee divestiture period as a going concern to a purchaser and on terms of sale approved by the commission in accordance with the procedure described in paragraph 15 of these commitments. To carry out the divestiture, accuride commits to find a purchaser

and to enter into a final binding sale and purchase agreement for the sale of the divestment business within the first divestiture period. [...] if accuride has not entered into such an agreement at the end of the first divestiture period, accuride shall grant the divestiture trustee an exclusive mandate to sell the divestment business in accordance with the procedure described in paragraph 0 in the trustee divestiture period.

- 3 Accuride shall be deemed to have complied with this commitment if:
 - (a) by the end of the Trustee Divestiture Period, Accuride or the Divestiture Trustee has entered into a final binding sale and purchase agreement and the Commission approves the proposed purchaser and the terms of sale as being consistent with the Commitments in accordance with the procedure described in paragraph 15; and
 - (b) the Closing of the sale of the Divestment Business to the Purchaser takes place within the Closing Period.
- 4 In order to maintain the structural effect of the Commitments, the Notifying Party shall, for a period of 10 years after Closing, not acquire, whether directly or indirectly, the possibility of exercising influence (as defined in paragraph 43 of the Remedies Notice, footnote 3) over the whole or part of the Divestment Business, unless, following the submission of a reasoned request from the Notifying Party showing good cause and accompanied by a report from the Monitoring Trustee (as provided in paragraph 41 of these Commitments), the Commission finds that the structure of the market has changed to such an extent that the absence of influence over the Divestment Business is no longer necessary to render the proposed concentration compatible with the internal market.

Structure and definition of the Divestment Business

- 5 The Divestment Business consists of the legal entity Gianetti Ruote S.r.l. and its business as further defined below. The legal structure in which that entity sits is set out in Annex 3 and its legal and functional structure as operated to date is described in the Schedule. The Divestment Business, described in more detail in the Schedule, includes all assets and staff that contribute to the current operation or are necessary to ensure the viability and competitiveness of the Divestment Business, in particular:
 - (a) all tangible and intangible assets (including intellectual property rights);
 - (b) all licences, permits and authorisations issued by any governmental organisation for the benefit of the Divestment Business;
 - (c) all contracts, leases, commitments and customer orders of the Divestment Business; all customer, credit and other records of the Divestment Business; and
 - (d) the Personnel.

Section C. Related commitments

Preservation of viability, marketability and competitiveness

- 6 From the Effective Date until Closing, the Notifying Party shall preserve or procure the preservation of the economic viability, marketability and competitiveness of the Divestment Business, in accordance with good business practice, and shall minimise as far as possible any risk of loss of competitive potential of the Divestment Business. In particular Accuride undertakes:
- (a) not to carry out any action that might have a significant adverse impact on the value, management or competitiveness of the Divestment Business or that might alter the nature and scope of activity, or the industrial or commercial strategy or the investment policy of the Divestment Business;
 - (b) to make available, or procure to make available, sufficient resources for the development of the Divestment Business, on the basis and continuation of the existing business plans;
 - (c) [...] by 30 June 2018;
 - (d) [...] and
 - (e) to take all reasonable steps, or procure that all reasonable steps are being taken, including appropriate incentive schemes (based on industry practice), to encourage all Key Personnel to remain with the Divestment Business, and not to solicit or move any Personnel to Accuride's remaining business. Where, nevertheless, individual members of the Key Personnel exceptionally leave the Divestment Business, Accuride shall provide a reasoned proposal to replace the person or persons concerned to the Commission and the Monitoring Trustee. Accuride must be able to demonstrate to the Commission that the replacement is well suited to carry out the functions exercised by those individual members of the Key Personnel. The replacement shall take place under the supervision of the Monitoring Trustee, who shall report to the Commission.

Hold-separate obligations

- 7 The Notifying Party commits, from the Effective Date until Closing, to keep the Divestment Business separate from the businesses it is retaining and to ensure that unless explicitly permitted under these Commitments: (i) management and staff of the businesses retained by Accuride have no involvement in the Divestment Business; (ii) the Key Personnel and Personnel of the Divestment Business have no involvement in any business retained by Accuride and do not report to any individual outside the Divestment Business.
- 8 Until Closing, Accuride shall assist the Monitoring Trustee in ensuring that the Divestment Business is managed as a distinct and saleable entity separate from the businesses which Accuride is retaining. Immediately after the adoption of the Decision, Accuride shall appoint a Hold Separate Manager. The Hold Separate Manager, who shall be part of the Key Personnel, shall manage the Divestment Business independently and in the best interest of the business with a view to ensuring its continued economic viability, marketability and competitiveness and its independence from the businesses retained by Accuride. The Hold Separate Manager shall closely cooperate with and report to the Monitoring Trustee and, if

applicable, the Divestiture Trustee. Any replacement of the Hold Separate Manager shall be subject to the procedure laid down in paragraph 6(e)6(e) of these Commitments. The Commission may, after having heard Accuride, require Accuride to replace the Hold Separate Manager.

Ring-fencing

- 9 Accuride shall implement, or procure to implement, all necessary measures to ensure that it does not, after Effective Date, obtain any Confidential Information relating to the Divestment Business and that any such Confidential Information obtained by Accuride before the Effective Date will be eliminated and not be used by Accuride. This includes measures vis-à-vis Accuride's appointees on the supervisory board and/or board of directors of the Divestment Business. In particular, the participation of the Divestment Business in any central information technology network shall be severed to the extent possible, without compromising the viability of the Divestment Business. Accuride may obtain or keep information relating to the Divestment Business which is reasonably necessary for the divestiture of the Divestment Business or the disclosure of which to Accuride is required by law.

Non-solicitation clause

- 10 The Parties undertake, subject to customary limitations, not to solicit, and to procure that Affiliated Undertakings do not solicit, the Key Personnel transferred with the Divestment Business for a period of two years after Closing.

Due diligence

- 11 In order to enable potential purchasers to carry out a reasonable due diligence of the Divestment Business, Accuride shall, subject to customary confidentiality assurances and dependent on the stage of the divestiture process:
- (a) provide to potential purchasers sufficient information as regards the Divestment Business;
 - (b) provide to potential purchasers sufficient information relating to the Personnel and allow them reasonable access to the Personnel.

Reporting

- 12 Accuride shall submit written reports in English on potential purchasers of the Divestment Business and developments in the negotiations with such potential purchasers to the Commission and the Monitoring Trustee no later than 10 days after the end of every month following the Effective Date (or otherwise at the Commission's request). Accuride shall submit a list of all potential purchasers having expressed interest in acquiring the Divestment Business to the Commission at each and every stage of the divestiture process, as well as a copy of all the offers made by potential purchasers within five days of their receipt.
- 13 Accuride shall inform the Commission and the Monitoring Trustee on the preparation of the data room documentation and the due diligence procedure and shall submit a copy of any information memorandum to the Commission and the Monitoring Trustee before sending the memorandum out to potential purchasers.

Section D. The Purchaser

- 14 In order to be approved by the Commission, the Purchaser must fulfil the following criteria:
- (a) the Purchaser shall be independent of and unconnected to the Notifying Party/Notifying Parties and its/their Affiliated Undertakings (this being assessed having regard to the situation following the divestiture);
 - (b) the Purchaser shall have the financial resources, proven expertise and incentive to maintain and develop the Divestment Business as a viable and active competitive force in competition with the Parties and other competitors; [...];
 - (c) the acquisition of the Divestment Business by the Purchaser must neither be likely to create, in light of the information available to the Commission, prima facie competition concerns nor give rise to a risk that the implementation of the Commitments will be delayed. In particular, the Purchaser must reasonably be expected to obtain all necessary approvals from the relevant regulatory authorities for the acquisition of the Divestment Business.
- 15 The final binding sale and purchase agreement (as well as ancillary agreements) relating to the divestment of the Divestment Business shall be conditional on the Commission's approval. When Accuride has reached an agreement with a purchaser, it shall submit a fully documented and reasoned proposal, including a copy of the final agreement(s), within one week to the Commission and the Monitoring Trustee. Accuride must be able to demonstrate to the Commission that the purchaser fulfils the Purchaser Criteria, and that the Divestment Business is being sold in a manner consistent with the Commission's Decision and the Commitments. For the approval, the Commission shall verify that the purchaser fulfils the Purchaser Criteria and that the Divestment Business is being sold in a manner consistent with the Commitments including their objective to bring about a lasting structural change in the market. The Commission may approve the sale of the Divestment Business without one or more Assets or parts of the Personnel, or by substituting one or more Assets or parts of the Personnel with one or more different assets or different personnel, if this does not affect the viability and competitiveness of the Divestment Business after the sale, taking account of the proposed purchaser.

Section E. Trustee

(I) Appointment procedure

- 16 Accuride shall appoint a Monitoring Trustee to carry out the functions specified in these Commitments for a Monitoring Trustee. Accuride commits not to close the Concentration before the appointment of a Monitoring Trustee.
- 17 If Accuride has not entered into a binding sale and purchase agreement regarding the Divestment Business one month before the end of the First Divestiture Period or if the Commission has rejected a purchaser proposed by Accuride at that time or thereafter, Accuride shall appoint a Divestiture Trustee. The appointment of the Divestiture Trustee shall take effect upon the commencement of the Trustee Divestiture Period.
- 18 The Trustee shall:
- (a) at the time of appointment, be independent of Accuride and its Affiliated Undertakings;
 - (b) possess the necessary qualifications to carry out its mandate, for example have sufficient relevant experience as an investment banker or consultant or auditor; and
 - (c) neither have nor become exposed to a Conflict of Interest.
- 19 The Trustee shall be remunerated by the Notifying Party in a way that does not impede the independent and effective fulfilment of its mandate. In particular, where the remuneration package of a Divestiture Trustee includes a success premium linked to the final sale value of the Divestment Business, such success premium may only be earned if the divestiture takes place within the Trustee Divestiture Period.

Proposal by Accuride

- 20 No later than two weeks after the Effective Date, Accuride shall submit the name or names of one or more natural or legal persons whom Accuride proposes to appoint as the Monitoring Trustee to the Commission for approval. No later than one month before the end of the First Divestiture Period or on request by the Commission, Accuride shall submit a list of one or more persons whom Accuride proposes to appoint as Divestiture Trustee to the Commission for approval. The proposal shall contain sufficient information for the Commission to verify that the person or persons proposed as Trustee fulfil the requirements set out in paragraph 18 and shall include:
- (a) the full terms of the proposed mandate, which shall include all provisions necessary to enable the Trustee to fulfil its duties under these Commitments;
 - (b) the outline of a work plan which describes how the Trustee intends to carry out its assigned tasks;

- (c) an indication whether the proposed Trustee is to act as both Monitoring Trustee and Divestiture Trustee or whether different trustees are proposed for the two functions.

Approval or rejection by the Commission

- 21 The Commission shall have the discretion to approve or reject the proposed Trustee(s) and to approve the proposed mandate subject to any modifications it deems necessary for the Trustee to fulfil its obligations. If only one name is approved, Accuride shall appoint or cause to be appointed the person or persons concerned as Trustee, in accordance with the mandate approved by the Commission. If more than one name is approved, Accuride shall be free to choose the Trustee to be appointed from among the names approved. The Trustee shall be appointed within one week of the Commission's approval, in accordance with the mandate approved by the Commission.

New proposal by Accuride

- 22 If all the proposed Trustees are rejected, Accuride shall submit the names of at least two more natural or legal persons within one week of being informed of the rejection, in accordance with paragraphs 16 and 21 of these Commitments.

Trustee nominated by the Commission

- 23 If all further proposed Trustees are rejected by the Commission, the Commission shall nominate a Trustee, whom Accuride shall appoint, or cause to be appointed, in accordance with a trustee mandate approved by the Commission.

(II) Functions of the Trustee

- 24 The Trustee shall assume its specified duties and obligations in order to ensure compliance with the Commitments. The Commission may, on its own initiative or at the request of the Trustee or Accuride, give any orders or instructions to the Trustee in order to ensure compliance with the conditions and obligations attached to the Decision.

Duties and obligations of the Monitoring Trustee

- 25 The Monitoring Trustee shall:
 - (i) propose in its first report to the Commission a detailed work plan describing how it intends to monitor compliance with the obligations and conditions attached to the Decision.
 - (ii) oversee, in close co-operation with the Hold Separate Manager, the ongoing management of the Divestment Business with a view to ensuring its continued economic viability, marketability and competitiveness and monitor compliance by Accuride with the conditions and obligations attached to the Decision. To that end the Monitoring Trustee shall:
 - (a) monitor the preservation of the economic viability, marketability and competitiveness of the Divestment Business, and the keeping separate of the Divestment Business from the business retained by

the Parties, in accordance with paragraphs 6 and 7 of the Commitments;

- (b) supervise the management of the Divestment Business as a distinct and saleable entity, in accordance with paragraph 8 of these Commitments;
- (c) with respect to Confidential Information:
 - determine all necessary measures to ensure that Accuride does not after the Effective Date obtain any Confidential Information relating to the Divestment Business,
 - in particular strive for the severing of the Divestment Business' participation in a central information technology network to the extent possible, without compromising the viability of the Divestment Business,
 - make sure that any Confidential Information relating to the Divestment Business obtained by Accuride before the Effective Date is eliminated and will not be used by Accuride; and
 - decide whether such information may be disclosed to or kept by Accuride as the disclosure is reasonably necessary to allow Accuride to carry out the divestiture or as the disclosure is required by law;
- (d) monitor the splitting of assets and the allocation of Personnel between the Divestment Business and Accuride or Affiliated Undertakings;
- (iii) propose to Accuride such measures as the Monitoring Trustee considers necessary to ensure Accuride's compliance with the conditions and obligations attached to the Decision, in particular the maintenance of the full economic viability, marketability or competitiveness of the Divestment Business, the holding separate of the Divestment Business and the non-disclosure of competitively sensitive information;
- (iv) review and assess potential purchasers as well as the progress of the divestiture process and verify that, dependent on the stage of the divestiture process:
 - (a) potential purchasers receive sufficient and correct information relating to the Divestment Business and the Personnel in particular by reviewing, if available, the data room documentation, the information memorandum and the due diligence process, and
 - (b) potential purchasers are granted reasonable access to the Personnel;
- (v) act as a contact point for any requests by third parties, in particular potential purchasers, in relation to the Commitments;

- (vi) provide to the Commission, sending Accuride a non-confidential copy at the same time, a written report within 15 days after the end of every month that shall cover the operation and management of the Divestment Business as well as the splitting of assets and the allocation of Personnel so that the Commission can assess whether the business is held in a manner consistent with the Commitments and the progress of the divestiture process as well as potential purchasers;
 - (vii) promptly report in writing to the Commission, sending Accuride a non-confidential copy at the same time, if it concludes on reasonable grounds that Accuride is failing to comply with these Commitments;
 - (viii) within one week after receipt of the documented proposal referred to in paragraph 15 of these Commitments, submit to the Commission, sending Accuride a non-confidential copy at the same time, a reasoned opinion as to the suitability and independence of the proposed purchaser and the viability of the Divestment Business after the Sale and as to whether the Divestment Business is sold in a manner consistent with the conditions and obligations attached to the Decision, in particular, if relevant, whether the Sale of the Divestment Business without one or more Assets or not all of the Personnel affects the viability of the Divestment Business after the sale, taking account of the proposed purchaser;
 - (ix) assume the other functions assigned to the Monitoring Trustee under the conditions and obligations attached to the Decision.
- 26 If the Monitoring and Divestiture Trustee are not the same legal or natural person, the Monitoring Trustee and the Divestiture Trustee shall cooperate closely with each other during and for the purpose of the preparation of the Trustee Divestiture Period in order to facilitate each other's tasks.

Duties and obligations of the Divestiture Trustee

- 27 Within the Trustee Divestiture Period, the Divestiture Trustee shall sell at no minimum price the Divestment Business to a purchaser, provided that the Commission has approved both the purchaser and the final binding sale and purchase agreement (and ancillary agreements) as in line with the Commission's Decision and the Commitments in accordance with paragraphs 14 and 15 of these Commitments. The Divestiture Trustee shall include in the sale and purchase agreement (as well as in any ancillary agreements) such terms and conditions as it considers appropriate for an expedient sale in the Trustee Divestiture Period. In particular, the Divestiture Trustee may include in the sale and purchase agreement such customary representations and warranties and indemnities as are reasonably required to effect the sale. The Divestiture Trustee shall protect the legitimate financial interests of Accuride, subject to Accuride's unconditional obligation to divest at no minimum price in the Trustee Divestiture Period.

- 28 In the Trustee Divestiture Period (or otherwise at the Commission's request), the Divestiture Trustee shall provide the Commission with a comprehensive monthly report written in English on the progress of the divestiture process. Such reports shall be submitted within 15 days after the end of every month with a simultaneous copy to the Monitoring Trustee and a non-confidential copy to Accuride.

(III) Duties and obligations of the Parties

- 29 Accuride shall provide and shall cause its advisors to provide the Trustee with all such co-operation, assistance and information as the Trustee may reasonably require to perform its tasks. The Trustee shall have full and complete access to any of Accuride's or the Divestment Business' books, records, documents, management or other personnel, facilities, sites and technical information necessary for fulfilling its duties under the Commitments and Accuride and the Divestment Business shall provide the Trustee upon request with copies of any document. Accuride and the Divestment Business shall make available to the Trustee one or more offices on their premises and shall be available for meetings in order to provide the Trustee with all information necessary for the performance of its tasks.
- 30 Accuride shall provide the Monitoring Trustee with all managerial and administrative support that it may reasonably request on behalf of the management of the Divestment Business. This shall include all administrative support functions relating to the Divestment Business which are currently carried out at headquarters level. Accuride shall provide and shall cause its advisors to provide the Monitoring Trustee, on request, with the information submitted to potential purchasers, in particular give the Monitoring Trustee access to the data room documentation and all other information granted to potential purchasers in the due diligence procedure. Accuride shall inform the Monitoring Trustee on possible purchasers, submit lists of potential purchasers at each stage of the selection process, including the offers made by potential purchasers at those stages, and keep the Monitoring Trustee informed of all developments in the divestiture process.
- 31 Accuride shall grant or procure Affiliated Undertakings to grant comprehensive powers of attorney, duly executed, to the Divestiture Trustee to effect the sale (including ancillary agreements), the Closing and all actions and declarations which the Divestiture Trustee considers necessary or appropriate to achieve the sale and the Closing, including the appointment of advisors to assist with the sale process. Upon request of the Divestiture Trustee, Accuride shall cause the documents required for effecting the sale and the Closing to be duly executed.
- 32 Accuride shall indemnify the Trustee and its employees and agents (each an "Indemnified Party") and hold each Indemnified Party harmless against, and hereby agrees that an Indemnified Party shall have no liability to Accuride for any liabilities arising out of the performance of the Trustee's duties under the Commitments, except to the extent that such liabilities result from the willful default, recklessness, gross negligence or bad faith of the Trustee, its employees, agents or advisors.
- 33 At the expense of Accuride, the Trustee may appoint advisors (in particular for corporate finance or legal advice), subject to Accuride's approval (this approval

not to be unreasonably withheld or delayed) if the Trustee considers the appointment of such advisors necessary or appropriate for the performance of its duties and obligations under the Mandate, provided that any fees and other expenses incurred by the Trustee are reasonable. Should Accuride refuse to approve the advisors proposed by the Trustee the Commission may approve the appointment of such advisors instead, after having heard Accuride. Only the Trustee shall be entitled to issue instructions to the advisors. Paragraph 32 of these Commitments shall apply mutatis mutandis. In the Trustee Divestiture Period, the Divestiture Trustee may use advisors who served Accuride during the Divestiture Period if the Divestiture Trustee considers this in the best interest of an expedient sale.

- 34 Accuride agrees that the Commission may share Confidential Information proprietary to Accuride with the Trustee. The Trustee shall not disclose such information and the principles contained in Article 17(1) and (2) of the Merger Regulation apply mutatis mutandis.
- 35 Accuride agrees that the contact details of the Monitoring Trustee are published on the website of the Commission's Directorate-General for Competition and they shall inform interested third parties, in particular any potential purchasers, of the identity and the tasks of the Monitoring Trustee.
- 36 For a period of 10 years from the Effective Date the Commission may request all information from the Parties that is reasonably necessary to monitor the effective implementation of these Commitments.

(IV) Replacement, discharge and reappointment of the Trustee

- 37 If the Trustee ceases to perform its functions under the Commitments or for any other good cause, including the exposure of the Trustee to a Conflict of Interest:
 - (a) the Commission may, after hearing the Trustee and Accuride, require Accuride to replace the Trustee; or
 - (b) Accuride may, with the prior approval of the Commission, replace the Trustee.
- 38 If the Trustee is removed according to paragraph 37 of these Commitments, the Trustee may be required to continue in its function until a new Trustee is in place to whom the Trustee has effected a full hand over of all relevant information. The new Trustee shall be appointed in accordance with the procedure referred to in paragraphs 16-23 of these Commitments.
- 39 Unless removed according to paragraph 37 of these Commitments, the Trustee shall cease to act as Trustee only after the Commission has discharged it from its duties after all the Commitments with which the Trustee has been entrusted have been implemented. However, the Commission may at any time require the reappointment of the Monitoring Trustee if it subsequently appears that the relevant remedies might not have been fully and properly implemented.

Section F. The review clause

- 40 The Commission may extend the time periods foreseen in the Commitments in response to a request from Accuride or, in appropriate cases, on its own initiative.

Where Accuride requests an extension of a time period, it shall submit a reasoned request to the Commission no later than one month before the expiry of that period, showing good cause. This request shall be accompanied by a report from the Monitoring Trustee, who shall, at the same time send a non-confidential copy of the report to Accuride. Only in exceptional circumstances shall Accuride be entitled to request an extension within the last month of any period.

- 41 The Commission may further, in response to a reasoned request from Accuride showing good cause waive, modify or substitute, in exceptional circumstances, one or more of the undertakings in these Commitments. This request shall be accompanied by a report from the Monitoring Trustee, who shall, at the same time send a non-confidential copy of the report to Accuride. The request shall not have the effect of suspending the application of the undertaking and, in particular, of suspending the expiry of any time period in which the undertaking has to be complied with.

Section G. Entry into force

- 42 The Commitments shall take effect upon the date of adoption of the Decision.

.....
duly authorised for and on behalf of
Accuride Corporation

SCHEDULE

1. The Divestment Business as operated to date is comprised of a single legal entity, Gianetti Ruote S.r.l. The legal structure in which that entity sits is set out in Annex 3. Functionally, the Divestment Business is structured in accordance with the organisation of the personnel as set out in Annex 1.

2. In accordance with paragraph 5 of these Commitments, the Divestment Business includes:

(a) the following main tangible assets:

- the Gianetti manufacturing facility at Via Stabilimenti, 31, 20816 Ceriano Laghetto MB, Italy (the “Gianetti Facility”) and the real estate on which the Gianetti Facility is located, which includes the associated storage/warehousing and administrative offices; and
- all products, parts, supplies, materials and other inventories to the extent used or held for the Divestment Business.

(b) the following main intangible assets:

All IP rights used by the Divestment Business as listed in Annex 4 and know-how relating to the manufacture of the Divestment Business’s products and the manufacturing processes used (including in respect of pipeline products). The relevant know-how is embodied in design history files, technical files, drawings, product specifications, manufacturing process descriptions, and quality control standards.

(c) the following main contracts, agreements, leases, commitments and understandings:

- Accuride commits to procure the continuation of all the following agreements [...]:
 - [...];
- Accuride commits to also use its best efforts to, at the Purchaser’s request:
 - [...];
 - [...]

(d) the following customer, credit and other records:

Gianetti’s existing customer, credit and other records relating to the Divestment Business and its products.

(e) the following Personnel:

All personnel currently working in the Divestment Business, as listed in **Annex 1**. As at 22 January 2018, these include [100-200] employees,

all based at the Gianetti Facility, [...]

(f) the following Key Personnel:

All key personnel currently working in the Divestment Business, as listed in **Annex 2**.

Annexes
[CONFIDENTIAL]