



Department of Justice

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**DEPARTMENT OF JUSTICE WILL REQUIRE A DIVESTITURE IF ALCAN INC.
COMPLETES ITS PENDING TENDER OFFER FOR PECHINEY S.A.**

***Sale of Pechiney's Ravenswood, West Virginia, Aluminum Rolling Mill and Related Assets
Will Preserve Competition in the North American Market for Brazing Sheet***

WASHINGTON, D.C. – The Department of Justice reached a settlement today with Alcan Inc. that requires Alcan to divest Pechiney S.A.'s aluminum rolling mill in Ravenswood, West Virginia, if Alcan's pending \$4.6 billion tender offer for Pechiney is successful. The tender offer, publicly announced in early July and recently endorsed by Pechiney's board of directors, is expected to be completed in late November 2003. The Department said that the acquisition, as originally proposed, would substantially lessen competition in the development, production, and sale of brazing sheet, an aluminum alloy used in fabricating radiators, oil coolers, heaters, and air conditioning units for motor vehicles, and would likely result in higher prices.

The Department's Antitrust Division filed a lawsuit today in U.S. District Court in Washington, D.C. to block the original transaction. At the same time, the Department filed a proposed consent decree that, if approved by the court, would resolve the Department's competitive concerns and the lawsuit.

"The divestiture of Pechiney's Ravenswood mill will preserve competition for brazing sheet sold in North America, and will allow motor vehicle parts manufacturers to benefit from

Alcan's aggressive competition," said R. Hewitt Pate, Assistant Attorney General in charge of the Department's Antitrust Division.

Brazing sheet is a class of custom-engineered aluminum alloys, each of which has a unique ability to form a durable, leak-proof bond with other aluminum surfaces. Brazing sheet is widely used in fabricating the major components of heat exchangers for motor vehicles, including radiators, heaters, oil coolers, and air conditioners.

According to the complaint, Alcan is a recent entrant into the brazing sheet market in North America. Its entry has sparked an intense competitive rivalry, and resulted in lower prices and higher quality. The government alleged in its complaint that Alcan's acquisition of Pechiney would reduce the number of major North American manufacturers of brazing sheet from four to three, and increase the prospect of future cooperative brazing sheet price increases to the detriment of consumers.

Alcan, a Canadian corporation headquartered in Montreal, Quebec, is the second largest fully integrated aluminum producer in the world. Alcan mines ore from which primary aluminum is produced, and produces a wide range of rolled aluminum products, including brazing sheet. In 2002, Alcan reported worldwide sales of about \$12.5 billion.

Pechiney, which has its main office in Paris, France, is also one of the world's leading aluminum producers and makes a similarly wide range of rolled aluminum products. In 2002, Pechiney reported total sales of about \$11.3 billion, including over \$100 million in annual sales of brazing sheet in North America, produced by its Ravenswood aluminum rolling mill.

The European Commission also reviewed this transaction and approved it, subject to conditions that included a requirement that Alcan divest certain Alcan or Pechiney aluminum

rolling mills in Europe. The Department cooperated closely with the European Commission and the Canadian Competition Bureau in its review of this transaction.

As required by the Tunney Act, the proposed consent decree will be published in the *Federal Register*, along with the Department's competitive impact statement. Any person may submit comments concerning the proposed consent decree during the 60-day comment period to Maribeth Petrizzi, Chief, Litigation II Section, Antitrust Division, U.S. Department of Justice, 1401 H Street, NW, Suite 3000, Washington, DC 20530. At the conclusion of the 60-day comment period, the court may enter the consent decree upon finding that it serves the public interest.

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