



U.S. Department of Justice

Antitrust Division

City Center Building
1401 H Street, NW
Washington, DC 20530

March 15, 2004

Mr. L. D. Whitman
Chairman
Ravenswood Aluminum Retired Salary
Association Committee
809 Cypress Street
Ravenswood, West Virginia 26164

Re: *Public Comment on Proposed Final Judgment in United States v. Alcan Ltd., Alcan Aluminum Corp., Pechiney, S.A., and Pechiney Rolled Products, LLC, Civil No. 1:030 CV 02012 (D.D.C., filed Sept. 29, 2003)*

Dear Mr. Whitman:

This letter responds to your letter of October 29, 2003, commenting on the proposed Final Judgment (“Judgment”) submitted for entry in this case. The United States’s Complaint in this case charged that Alcan’s acquisition of Pechiney would substantially lessen North American competition in the sale of brazing sheet, a rolled aluminum alloy widely used in fabricating certain critical components of heat exchange systems (*e.g.*, heaters, air conditioners, and radiators) for all types of motor vehicles. The proposed Judgment would resolve those competitive concerns by requiring the defendants to divest Pechiney’s “brazing sheet business,” a term defined in the Judgment, § II(E), to include Pechiney’s entire aluminum rolling mill in Ravenswood, West Virginia, which, *inter alia*, produces all of the brazing sheet sold by Pechiney in North America.

In your letter, you expressed a concern that to safeguard competition and preserve local employment opportunities, the Ravenswood facility must be divested to a new owner that is capable of operating the plant as part of a viable ongoing business enterprise. The United States, of course, shares this concern, for a lynchpin of the proposed decree is its requirement that the Ravenswood facility be divested to a person who, in the United States’s judgment, is able to operate it successfully in competition with Alcan and others (*see* Judgment, § IV(J)). To that end, the proposed Judgment requires defendants to sell any tangible and intangible assets used in the production and sale of brazing sheet, including the entire Ravenswood facility, and any research, development, or engineering facilities, wherever located, used to develop and produce any product – not just brazing sheet – currently rolled at the Ravenswood facility, including R&D for aluminum plate used in military and aerospace applications. *See* Judgment, §§ II(E)(1)-(3).

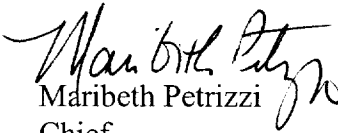
You have noted that the Ravenswood facility is currently unprofitable, and you suggested that the defendants, Alcan and Pechiney, must retain responsibility for the costs of current retiree

pension, health care, and life insurance benefit plans of retirees in order to ensure the competitive viability of any new owner of the Ravenswood facility.

Because the defendants are still soliciting and evaluating offers for Pechiney's brazing sheet assets, it is too early for us to comment on particular terms of any potential divestiture agreement. Even if the defendants are unable to find an acceptable purchaser on their own, the proposed decree permits the Department of Justice to nominate, and the Court to appoint, a trustee responsible for conducting an independent search for an acceptable purchaser and selling Pechiney's brazing sheet assets "at such price and on such terms as are then obtainable upon reasonable effort" (*see* Judgment, § V(B)). What we can say, however, is that it is certainly inappropriate to conclude at this time that the defendants' – or if necessary, the trustee's – efforts to sell Pechiney's brazing sheet assets will not produce an acceptable, viable purchaser capable of vigorously competing in the development, production, and sale of brazing sheet in North America.¹

Thank you for bringing your concerns to our attention; we hope this information will help alleviate them. Pursuant to the Antitrust Procedures and Penalties Act, 15 U.S.C. § 16(d), a copy of your comment and this response will be published in the Federal Register and filed with the Court.

Sincerely yours,


Maribeth Petrizzi
Chief
Litigation II Section

¹An "acceptable purchaser" of Pechiney's brazing sheet business would not be a firm so burdened by its former owners' legacy costs that it is unviable. *See* Judgment, § IV(J): Divestiture terms must not give the defendants "the ability unreasonably to raise the [new firm's] costs, to lower [its] . . . efficiency, or otherwise to interfere in . . . [its] ability . . . to compete effectively."

(13) 477448
October, 29, 2003

809 Cypress Street
Ravenswood, WV 26164

ATRL

John Ashcroft
U.S. Dept. of Justice
950 Pennsylvania Avenue, NW
Washington, D.C. 20530-0001

Regarding: Sale of Ravenswood, West Virginia Rolling Mill

Dear Mr. Ashcroft

The Ravenswood Aluminum Plants' Salaried Retiree Organization is writing this letter to express our concern about the current events as they relate to the Alcan purchase of Pechiney Aluminum.

We understand that the U.S. Justice Department has approved the purchase but Alcan must divest themselves of the Ravenswood Rolling Mill.

It is our understanding that Pechiney purchased the Plant in September 1999 to better compete with Aloca in the critical Aerospace Market. Pechiney has spent in excess of \$125 million to improve the Plant's capacity and capability for this Market. The forced sale of Ravenswood will certainly enhance Alcoa's plate position in the world market with a smaller producer's ownership of Ravenswood.

According to the previous and current management, this Plant has not been profitable since it was sold by Kaiser Aluminum in 1989. It is therefore, our desire that Alcan/Pechiney retain the legacy cost, i.e. Pensions, Medical, and Life Insurance for the existing Retirees.

This legacy cost must be addressed to allow this Plant to be profitable. If not, it will in all probability go the way of the Steel Mills and severely impact our State and Community.

As an organization we are willing to have one or more of our Retirees assist the Trustees of the Plant during its transition.

Your immediate attention to this matter is requested!

Sincerely,



L.D. Whitman
Retired Plant Manager
Chairman Ravenswood Aluminum Retired Salary Association Committee.