U.S. Department of Justice

Antitrust Division

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

March 15, 2004

Mr. Ron Thompson
Vice President of Operations
Century Aluminum of West Virginia, Inc.
Ravenswood Operations
Post Office Box 98
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. Thompson:

This letter responds to your February 12, 2004 letter 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.

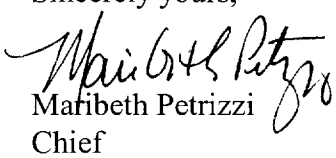
Your company, Century Aluminum, is a major customer of the Ravenswood facility that would be divested pursuant to the terms of the proposed Judgment, selling the facility between 275 and 325 million pounds of primary aluminum annually. In your letter, you expressed a concern that in order to meet your company's credit standards, the Ravenswood facility must be sold to a firm with the necessary financial, technical, and marketing resources that would enable it to operate the Ravenswood facility 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).

However, at this stage of the divestiture process, it is premature to speculate as to whether such a purchaser currently exists. Although the defendants have solicited offers for Pechiney's brazing sheet assets, they have not selected a proposed purchaser. In the event 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" (Judgment, § V(B)). At this point, it would be speculative to conclude 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

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[1]An "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."

Century ALUMINUM

Ravenswood Operations

February 12, 2004

Ms. Maribeth Petrizzi
Chief, Litigation II Section
Antitrust Division
United States Department of Justice
1401 H Street, NW Suite 3000
Washington, DC 20530

Re: Pechiney Rolled Products Plant, Ravenswood, West Virginia

Dear Ms. Petrizzi:

I am the manager of the Century Aluminum primary aluminum plant at Ravenswood, West Virginia. The plant is located adjacent to the Pechiney Rolled Products plant which is to be divested by Alcan under a pending consent decree. The two plants operated as an integrated entity from the late 1950s, when they were constructed by Kaiser Aluminum, until 1999 when Century sold the rolling mill portion to Pechiney. Our plant has 700 employees and has pension and health benefits obligations to 300 retirees.

The rolling mill is the major customer for our plant. It contractually purchases between 275 million and 325 million pounds of primary aluminum a year out of our total yearly production of about 375 million pounds. The metal is delivered in molten or liquid form as it comes out of Century's electrolytic cells. This eliminates the need for the metal to be cast by Century and then re-melted by the mill for casting into shapes suitable for rolling. This arrangement and the close proximity of the plants produce savings that are shared by the parties.

Century Aluminum's principal concern with the divestiture process is that prospective new owners may not meet our company's credit standards. Century typically holds as much as $30.0 million in accounts receiveable each month under the existing contract – a significant liability for a company our size. Consequently we would require that a new owner possess a credit rating approximating that of Pechiney/Alcan.

Century Aluminum of West Virginia, Inc.
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A Century Aluminum Company

The anti-trust implications of Alcan's ownership and operation of the mill – specifically with respect to the rolling of brazing sheet – are not for our company to judge. From first-hand experience in operating the mill, we are able to say with authority, however, that operation of the mill requires substantial financial, technical and marketing resources. Under new ownership, the Ravenswood mill would compete directly against large producers of premium rolled products, including Alcan and Alcoa, the world's two largest aluminum manufacturers.

I hope we have provided you with a fuller understanding of the inter-related manufacturing processes between our reduction plant and the rolling mill. We hope that the mill will continue to operate under the management of an owner with all of the resources required to assure its economic success.

We are available to provide any additional information you may require.

Sincerely,

Ron Thompson

Ron Thompson
Vice President of Operations
Century Aluminum of West Virginia, Inc.