

BEFORE THE FEDERAL TRADE COMMISSION
of
THE UNITED STATES OF AMERICA



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In the matter of)
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)
LAFARGE S.A.,)
a foreign corporation,)
)
BLUE CIRCLE INDUSTRIES PLC,)
a foreign corporation,)
)
BLUE CIRCLE NORTH AMERICA INC.,)
a corporation, and)
)
BLUE CIRCLE INC.,)
a corporation.)

Docket No. C- 4014
File No. 001-0012

**PETITION OF LAFARGE S.A.
FOR APPROVAL OF PROPOSED DIVESTITURE**

Pursuant to Section 2.41(f) of the Federal Trade Commission ("Commission") Rules of Practice and Procedure, 16 C.F.R. § 2.41 (2001), and Paragraph II.B of the Commission's Decision and Order in the above-captioned matter signed by Lafarge S.A. ("Lafarge"), Blue Circle plc. ("Blue Circle" and together with Lafarge, the "Parties") and the Commission's Staff on May 30, 2001 (the "Consent Order"), Lafarge hereby petition the Commission to approve the Divestiture of Blue Circle's Great Lakes Business and Assets to Be Divested ("The Great Lakes Assets") to S.A. Indústrias Votorantim ("Votorantim").

Paragraph II.A of the Consent Order obliges the Parties to divest the Great Lakes Assets, no later than 180 days from the date upon which Blue Circle and Lafarge consummate

the proposed acquisition of Blue Circle by Lafarge. On May 21, 2001, Lafarge entered into a Stock and Assets Purchase Agreement (the "Agreement") with Votorantim for the sale of the Great Lakes Assets. Votorantim is an ideal candidate to acquire and maintain the Great Lakes Assets as an ongoing competitive rival to Lafarge in the production and sale of cement in Great Lakes region of the United States and Canada (the "Great Lakes Region").¹ Votorantim is among the top ten producers of cement in the world with nearly \$1.24 billion in net sales in 2000. Votorantim's cement division owns 12 cement plants and 4 grinding plants located in Brazil which have the combined capacity to produce approximately 25 million tons of cement per year. Furthermore, Votorantim does not produce or sell any cement in the United States or Canada. Accordingly, the divestiture of the Great Lakes Assets to Votorantim will satisfy the purposes of the Consent Order and thus should be approved.

A description of the Agreement, Votorantim and the manner in which the proposed divestiture satisfies the purposes of the Consent Order is set forth below and reflected in the attachment to this application and the documents submitted prior to this application.

Lafarge requests that Documentary Attachment A and the copies of Lafarge and Votorantim documents submitted prior to this application and used in evaluating Votorantim as a acceptable buyer be treated by the Commission as strictly confidential and not be made available to the public.² These documents contain confidential, proprietary and trade secret information relating to the divestiture of the Great Lakes Assets that Lafarge and Votorantim regard as commercially and competitively sensitive. Disclosure of the information contained in these

¹ The Great Lakes region includes Ontario, Canada, all of Michigan, and the coastal markets around Lake Superior, Lake Michigan, Lake Huron, Lake Erie, and Lake Ontario, including, but not limited to, Green Bay and Milwaukee, WI; Chicago, IL; Cleveland, OH; and Buffalo, NY.

² Excluding such documents already in the public domain.

documents to the public will prejudice the Parties and Votorantim and negatively affect their ability to comply with the Consent Order. Lafarge requests that the Commission inform them immediately if the Commission will not treat the confidential version of this application and accompanying Parties and Votorantim documents as confidential so that the Parties may seek appropriate relief.³

I. Proposed Divestiture.

Attached as Documentary Attachment A is a copy of the Agreement between Lafarge and Votorantim. Under the Agreement, Votorantim will acquire all of the shares of Blue Circle Canada Inc., a wholly-owned subsidiary of Blue Circle, and certain of Blue Circle Inc.'s, a wholly-owned indirect subsidiary of Blue Circle, U.S. assets.⁴ The terms and conditions of the divestiture are fully set forth in the Agreement.

II. Proposed Acquirer.

Votorantim is a Brazilian corporation engaged in Cement, Mining and Metallurgy, Pulp and Papers, Agribusiness, Chemicals, Energy, Finance and International Trade. The Group has total assets of \$7 billion and revenues of over \$4 billion. The Cement business is the largest single business segment with cement sales in 2000 of approximately \$1.24 billion.⁵ The cement division has 12 cement plants and 4 grinding plants located throughout Brazil and

³ For the convenience of maintaining the public record, Lafarge is submitting this application in two forms -- one that includes confidential proprietary information (the "Confidential Version") and another that is the same as the Confidential Version but with Documentary Attachment A redacted (the "Public Version").

⁴ Blue Circle Canada Inc.'s assets include the Bowmanville cement plant, the St. Marys cement plant, Hutton Transport, certain barges and tugs, 39 ready-mix facilities located in Ontario and Quebec, Canada and other related assets. Blue Circle Inc.'s U.S. assets include the Detroit grinding facility, cement terminals located in the Great Lakes Region and other related assets.

⁵ Votorantim's balance sheet and income statement for 2000 have already been provided to the Commission's Staff.

have an annual production capacity of approximately 25 million tons of cement. Votorantim does not produce or sell any cement in the United States or Canada.

The headquarters addresses of Votorantim is as follows:

Votorantim Group
Rua Amauri, 255
01448-900 - São Paulo - SP
Brazil

The officers and directors of Votorantim are listed on page 52 of Votorantim's 1999 Annual Report, a copy of which has already been provided to the Commission's Staff by Votorantim.

III. The Proposed Divestiture Satisfies the Purposes
of the Consent Order and Thus Should Be Approved.

The Commission should approve the proposed divestiture of the Great Lakes Assets to Votorantim because it will accomplish the purposes of the Consent Order and remedy any alleged lessening of competition in the production and sale of cement in the Great Lakes Region that may result from Lafarge's acquisition of Blue Circle.

Votorantim will be a new entrant into the United States and Canadian cement markets and will provide vigorous competition in the Great Lakes Region to existing competitors, including Lafarge, Holderbank (St. Lawrence), Italcementi (Essroc) and Cemex (Southdown). Although Votorantim is a new entrant in this region, it is very knowledgeable about the cement industry, as Votorantim is the largest cement producer in Brazil, competing in that country against Lafarge and Holderbank. Its factories have the lowest production costs; it has valuable experience producing cement for various applications; it is experienced in

developing new products for its customers through research and development; and it has the resources available to ensure that the Great Lakes Assets will be maintained as a viable competitive producer of cement. Finally, it has a cement industry reputation for growth and high-quality output to preserve.

In sum, Votorantim has the experience, incentive and resources necessary to ensure that the Great Lakes Assets will remain and prosper as a separate, competitively viable supplier of cement in the United States, Canada and elsewhere. Thus, the proposed divestiture satisfies the purposes of the Consent Order and should be approved.

IV. Conclusion.

For the foregoing reasons, the proposed divestiture described above satisfies the purposes of the Consent Order and prevents any alleged lessening of competition that may result from Lafarge's acquisition of Blue Circle. Accordingly, the Parties respectfully request that the Commission approve the proposed divestiture and acquirer.

Respectfully submitted,



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⁶ Admitted to practice in the State of Michigan. Working under the supervision of principals in the Washington, D.C. office.

Attachment A (Confidential)