

PUBLIC VERSION

IN THE MATTER OF CEMEX, S.A. de C.V.

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Application for Approval of Divestiture

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Exhibit A: Asset Purchase Agreement and Related Agreements (Confidential)

Exhibit B: [Redacted]

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Application for Approval of Divestiture

Introduction

Cemex, S.A. de C.V. ("Cemex") submits this application for approval of divestiture pursuant to Section 2.41(f) of the Federal Trade Commission's ("FTC" or "Commission") Rules of Practice and Procedure, 16 C.F.R. § 2.41 (2005).

Decision and Order in the above captioned matter ("Order").

(ii) remedying the lessening of competition alleged in the Commission's Complaint.

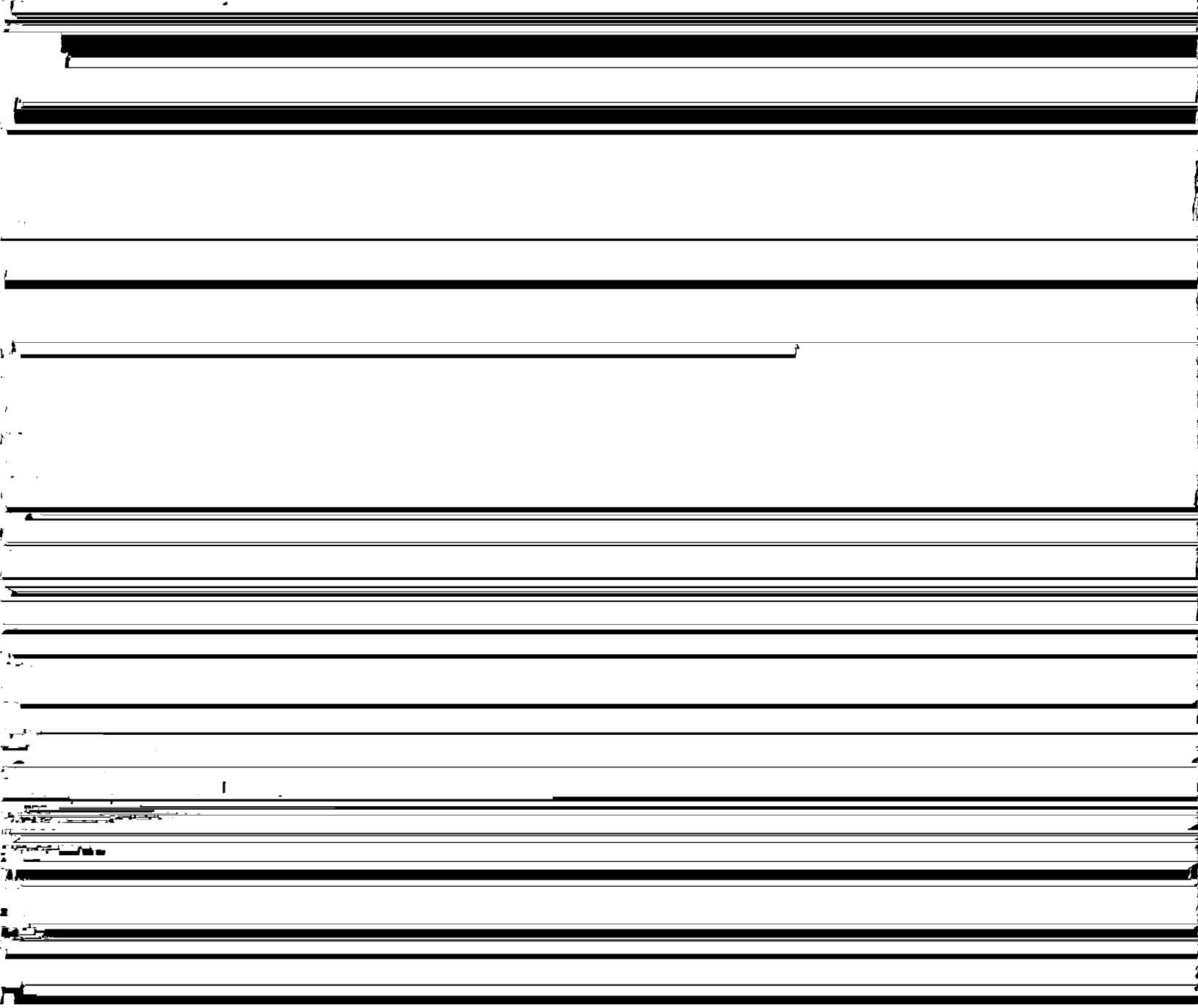
See Order ¶ II.E.

As explained in greater detail below, CPC is a particularly suitable

purchase for the Ready Mix Concrete District. A purchase of Ready Mix Concrete by CPC will

C. Description of the Acquirer's Business

CPC is a wholly-owned (indirect) subsidiary of Taiheiyo Cement Corporation ("Taiheiyo"), which is headquartered in Tokyo, Japan.² CPC is headquartered in Glendale, California and currently has manufacturing facilities in 11



ready mix concrete firms throughout the Western United States, giving it an enormous understanding of the business and supply and demand conditions.

II. Description of the Proposed Divestiture

In its Complaint, the FTC alleges that the effects of Cemex's acquisition of RMC may be to substantially lessen competition and tend to create a monopoly in the manufacture and sale of ready mix concrete in Tucson, Arizona in violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the FTC Act, as amended, 15 U.S.C. § 45. Complaint ¶ 16. Cemex agreed to resolve the FTC's objections to the consummation of the Acquisition by entering into an Agreement Containing Consent Orders, in which it committed to divest the Ready Mix Concrete Divestiture Assets to a firm approved by the FTC within six months of the Acquisition Date.

Cemex hereby proposes to divest the Ready Mix Concrete Divestiture Assets to CPC in accordance with the Asset Purchase Agreement, which contains a complete description of the assets to be divested.⁴ As more fully described in

Schedule A to the Asset Purchase Agreement, Cemex has agreed to sell the following

assets [REDACTED]:

Ready Mix Concrete Facilities

- 10200 W. Tangerine Road, Marana, Arizona 85653;

- 6601 N. Greenwood Highway, Gilbert, Arizona 85234;

85743;

- 9301 S. Swan Road, Tucson, Arizona 85706;

11000 N. Pima Road, Tucson, Arizona 85712;

III. An Analysis of How the Divestiture Would Affect Competition in the Relevant Market and Achieve the Remedial Purposes of the Decision and Order

A. Effects on the Relevant Market

The proposed divestiture will not adversely affect competition in the sale of ready mix concrete in Tucson, Arizona because, upon consummation of the sale of the Ready Mix Concrete Divestiture Assets to CPC, there will be the exact same number of competitors that existed prior to Cemex's acquisition of RMC. According

to the Complaint, before the proposed transaction, three firms supplied ready mix

concrete in Tucson, Arizona. See Complaint, ¶ 11. By transferring RMC's Tucson-area operations to CPC, the proposed divestiture will ensure that at least three firms will continue to supply ready mix concrete in the Tucson area. CPC will simply replace RMC and the competitive environment that existed prior to the transaction.

Divestiture Assets' cement acquisition transaction costs. These savings should allow

CPC to enhance output of the Ready Mix Concrete Divestiture Assets. CPC's history of success in the ready mix concrete industry as well as its general familiarity with the Tucson ready mix concrete marketplace will enable it to be a highly effective competitor from the moment it acquires the Ready Mix Concrete Divestiture Assets.

B. Achieving the Remedial Purposes of the Order

The remedial purposes of the Order are: (i) "to ensure the[] continued operation [of the Ready Mix Concrete Divestiture Assets] in the same manner and

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

above, the divestiture would not change concentration in the relevant market.

CPC is uniquely qualified to acquire and maintain [REDACTED]

[REDACTED]

Conclusion

Because the proposed divestiture of the Ready Mix Concrete

Divestiture Assets to CPC is procompetitive in the public interest

