UNITED STATES OF AMERICA
BEFORE FEDERAL TRADE COMMISSION

COMMISSIONERS: **Deborah Platt Majoras, Chairman**
Orson Swindle
Thomas B. Leary
Pamela Jones Harbour
Jon Leibowitz

In the matter of **CYTEC INDUSTRIES INC.** a corporation.	)	Docket No. C-4132 File No. 041-0203

PETITION OF CYTEC INDUSTRIES INC. FOR APPROVAL OF PROPOSED DIVESTITURE

Pursuant to §2.41(f) of the Rules of Practice and Procedure of the Federal Trade Commission (the "Commission's Rules"), 16 C.F.R. § 2.41(f) (2004), and paragraph II.A of the Decision and Order in the above-captioned matter (the "Order"), Cytec Industries Inc. ("Cytec") hereby petitions the Commission to approve the divestiture (the "Proposed Divestiture") of the UCB Amino Resins Business and the Fechenheim Additives Business (the "Mars Business") to wholly-owned subsidiaries of INEOS Group Limited and affiliates of INEOS Capital Limited (collectively, "Ineos"). Unless otherwise specified, capitalized terms used, but not defined, herein have the meanings assigned to them in the Order.

I. Introduction

On February 28, 2005, Cytec and the Commission entered into an Agreement Containing Consent Orders that included the Order and an Order to Hold Separate and Maintain Assets (collectively, the "Consent Agreement"). The Consent Agreement, together with the Commission's Complaint, was placed on the public record on March 1, 2005; Cytec completed its acquisition of the Surface Specialties division of UCB S.A. on February 28, 2005. The Order became final on April 12, 2005.

The Commission's Complaint alleges that the effect of the acquisition by Cytec of Surface Specialties may be to substantially lessen competition and to tend to create a monopoly in the North American or United States markets for the research, development, manufacture, and sale of amino resins for: (1) industrial liquid coatings; and (2) adhesion promotion in rubber (primarily tire applications). Accordingly, paragraph II.A of the Order requires Cytec to divest the Mars Business to an acquirer, and in a manner, that receives the prior approval of the Commission, no later than August 27, 2005.

On June 20, 2005 Cytec and Ineos entered into an Asset Purchase Agreement (including attachments, exhibits and schedules) (collectively, the "Agreement") for the sale and purchase of the Mars Business. A copy of the Agreement is attached as Confidential Appendix A. The reasons for Cytec's request for confidential treatment of the Agreement, which contains confidential business and financial information of Cytec as well as the Mars Business, are set forth in detail in the last section of this Petition.

For reasons outlined below, Cytec believes the Proposed Divestiture is one that fulfills the purposes of the Order. Cytec also believes that completion of the Proposed Divestiture should be accomplished as quickly as possible. Prompt consummation will further the purposes of the Order and is in the interests of the Commission, the public, Ineos and Cytec because it will allow Ineos to move forward with its plans for the competitive operation of the Mars Business. Cytec accordingly requests that the Commission promptly commence the period of public comment pursuant to Section 2.41(f)(2) of the Commission's Rules, 16 C.F.R. § 2.41(f)(2) (2004), refrain from extending the public comment period, and grant this Petition by approving the divestiture of the Mars Business to Ineos pursuant to the Agreement as soon as practicable after the close of the public comment period.

This Petition describes the principal terms of the Agreement and explains why the Proposed Divestiture satisfies the purposes of the Order.

II. The Agreement

The sale of the Mars Business to Ineos complies with and satisfies the purposes of the Consent Agreement. According to the 2003 "Statement of the Federal Trade Commission's Bureau of Competition on Negotiating Merger Remedies", the divestiture agreement must convey all assets required to be divested and must not contain any provisions inconsistent with the terms of the Consent Agreement or its remedial objectives.

Cytec has agreed to sell, and Ineos has agreed to purchase, Cytec's right, title and interest in and to the assets that make up the Mars Business. As more fully described (and defined) in the Agreement, these assets include, among others: (i) the Indian Orchard Amino Resins Facility; (ii) the Fechenheim Amino Resins Facility; (iii) Transferred Contracts (including the contract pursuant to which the Mars Business obtains product from the Lasalle facility); (iv) Partially-Assigned Contracts exclusively related to the business; (v) Transferred Patents; (vi) Transferred Trademarks; (vii) Transferred Other Intellectual Property; (viii) Governmental Authorizations related to the Indian Orchard Amino Resins Facility or the Fechenheim Amino Resins Facility and Non-Governmental Authorizations; (ix) guaranties, warranties, indemnities and similar rights in favor of Cytec related to the assets being transferred; (x) Books and Records; (xi) Fixtures and Equipment; (xii) Inventory; (xiii) Accounts Receivable; (xiv) the Fechenheim Additives Transferred Assets; (xv) credits, prepaid expenses, deferred charges, advance payments, security deposits, prepaid items and duties relating to the Mars Business; and (xvi) causes of action, lawsuits, judgments, claims and demands available to or being pursued by Cytec relating to the assets being transferred (see Section 2.1 of the Agreement for further details of the assets that are being acquired by Ineos). Cytec and Ineos will also enter into a number of ancillary agreements at the closing of the divestiture, including a transition services agreement, a toll manufacturing agreement, a custom manufacturing agreement, and patent and trademark license agreements. The Agreement also contains disclosure schedules that describe in detail the assets and liabilities that are the subject of the transaction. The parties did not enter into any agreement with regard to the facility in Suzano, Brazil because in Ineos' view there was, based on the information provided, no need for such an agreement, given the limited nature of the activities at the Suzano facility.

There are no provisions in the Agreement that are in any way inconsistent with the terms of the Order or with its remedial purposes. The Mars Business is left free to compete in all phases of the amino resins business. Cytec retains no rights to use in that business any assets that belong to the Mars Business other than the limited rights specified in the Order (relating to the three retained plants at La Llagosta, Spain, Werndorf, Austria and Suzano, Brazil). Equally, Cytec remains free to engage in its own amino resins business, using the assets it had before its acquisition of the Surface Specialties business. Cytec also continues to operate the assets it acquired from UCB in the most effective and competitive way Cytec can manage.

III. Competition Analysis

The Proposed Divestiture does not give rise to any competitive overlap that would be of concern to the Commission.

Ineos is not currently engaged in the research, development, manufacture or sale of amino resins. Accordingly, the divestiture of the Mars Business to Ineos does not create any competitive concerns. At the same time, Ineos has substantial experience both in acquiring and taking over the management of chemicals businesses (including one that involved a divestiture pursuant to Commission Order) and in long term management of chemicals businesses that are related to the amino resins business it would acquire from Cytec. As Ineos' business plan reflects, it has given careful and effective thought to how the Mars Business fits with its own, and there is every reason to believe Ineos will be a knowledgeable, active and successful manager of the Mars Business.

As outlined below, Ineos possesses the financial resources, proven expertise in the specialty chemicals sector and the incentive to maintain and develop the Mars Business as an active competitor in the North American market. The Proposed Divestiture, therefore, meets the Commission's prevailing objective to ensure that the Mars Business remains at least as competitive as it was before the Cytec/UCB transaction.

IV. The Proposed Acquirer – Ineos

The Ineos group is a group of companies which is ultimately controlled by Mr. Jim Ratcliffe. The group is subdivided into several businesses and is exclusively active in the chemicals industry. Ineos' headquarters are located in England and its address is:

Hawkslease
Chapel Lane
Lyndhurst
Hampshire SO43 7FG
England

Information about Ineos is available on its website, www.ineos.com.

A. Background and Relevant Experience

Ineos' activities include the manufacturing, distribution, sale and marketing of a wide range of commodities, and specialty and intermediate chemicals, especially in the following areas:

- INEOS Chlor: chlorine, caustic soda, chlorinated solvents, chlorinated paraffins
- INEOS Fluor: hydrofluorocarbons, hydrochlorofluorocarbons, hydrogen fluoride, refrigerant blends
- INEOS Oxide: ethylene oxide and derivatives, glycols
- INEOS Paraform: formaldehyde, paraformaldehyde, hexamine, alkalicyanates
- INEOS Phenol: phenol, acetone, alphamethylstyrene, acetophenone
- INEOS Silicas: zeolithes, silicas, silicates
- EVC: PVC powder, granules, suspensions, emulsions and films

Ineos' recent track record of highly successful acquisitions proves the group's ability to finance, maintain and develop acquired businesses in the chemicals industry and to manage a diverse portfolio of businesses so as to optimize the performance of each business. Since 2000 Ineos has acquired and successfully developed the following businesses:

- November 2000: acquisition of ICI's chlor-chemicals, fluorocarbons, and Crosfield silicates business for $470 million – today INEOS Chlor, INEOS Fluor and INEOS Silicas
- February 2001: acquisition (in connection with a Commission-ordered divestiture) of Dow Chemical's U.S. ethanolamines assets and global ethanolamines businesses – today INEOS Oxides U.S. operations
- March 2001: increase of its stake in European Vinyls Corp. (EVC) to 64.5% at that time with a purchase of shares for approx. $70 million
- April 2001: acquisition of Phenolchemie from Degussa for $390 million
- December 2001: acquisition of BP Chemicals European Acetate Esters business – today INEOS Oxide

- July 2003: acquisition of Methanova GmbH from Degussa – today INEOS Paraform
- April 2005: acquisition of BASF's US and Canadian polystyrene business – will become INEOS Styrenics

Thus, Ineos clearly has the financial strength and the potential to maintain and develop the Mars Business as a viable and effective competitor in the research, development, manufacture and sale of amino resins. As far as incentives are concerned, Cytec has every reason to believe that Ineos will wish to make the Mars Business a success in order to generate an acceptable return on its investment in acquiring and developing the business. We understand that Ineos has provided detailed information about its plans for operating the Mars Business directly to Commission Staff.

B. <u>Financial Capability</u>

Ineos has sufficient financial strength to finance the Proposed Transaction. Since its foundation in 1998, Ineos has been growing rapidly and currently has a total of more than 7,300 employees. Since 2001 it has been among the top fifty global chemical producers and currently runs forty-three manufacturing facilities in fourteen countries throughout the world. Ineos' annual revenues have rapidly grown since its foundation in 1998 to the current figure of more than \$8.7 billion. The Mars Business will become a part of a much larger group and will, in fact, increase Ineos' current revenues by less than 2%.

C. <u>Independence from Cytec</u>

To Cytec's knowledge, Ineos has no shareholding in Cytec or *vice versa*, and there are no joint ventures between the two groups.

V. Request for Confidential Treatment

Because this Petition and its attachments contain confidential and competitively sensitive business information, Cytec has redacted such information from the public version of this Petition and its attachments. Cytec is submitting two versions of this Petition: (i) a confidential version that contains confidential and proprietary information and documents necessary for the Commission to assess this Petition; and (ii) a redacted version, for placement on the public record, that excludes confidential information, including the Agreement.

The confidential version of this Petition contains confidential business information concerning Cytec and the Mars Business. For its own part, Cytec is not required to make such information readily available to the public and would not willingly or ordinarily disclose such information because such information, if revealed, would provide competitors with insights into Cytec's operational strengths and weaknesses and could limit Cytec's ability to negotiate favorable terms with potential purchasers of its products. Nor would Cytec, as the current owner of the Mars Business, make public the information about the Mars Business that is reflected in the materials supplied with this Petition. Such disclosure would prejudice Cytec, the Mars Business and Ineos, in its capacity as the new owner of the Mars Business, and would negatively affect Cytec's ability to comply with the Consent Agreement and Ineos' ability to operate the Mars Business following completion of the divestiture.

Pursuant to Sections 2.41(f)(4) and 4.9(c) of the Commission' Rules, 16 C.F.R. §§ 2.41(f)(4), 4.9(c) (2004), Cytec therefore requests, on its own behalf and on behalf of Ineos, that the confidential version of this Petition and its attachments and the information contained therein be accorded confidential treatment under 5 U.S.C. § 552 (2000) and Section 4.10(a)(2) of the Commission's Rules, 16 C.F.R. § 4.10(a)(2) (2004). The confidential version of this Petition is also exempt from disclosure under Exemptions 4, 7(A), 7(B), and 7(C) of the Freedom of Information Act, 5 U.S.C. §§ 552(b)(4), (b)(7)(A)-(C), and the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, 15 U.S.C. § 18a(h) (2000).

VI. Conclusion

The Proposed Divestiture will accomplish the purposes of the Consent Agreement and comports with the requirements thereof. Accordingly, Cytec respectfully requests that the Commission approve the proposed divestiture and acquirer.

Dated: June 20, 2005

Respectfully submitted,

CYTEC INDSUTRIES INC.

Roy Smith

Roy Smith
Vice President, General Counsel and
Secretary