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UNITED STATES OF AMERICA
BEFORE FEDERAL TRADE COMMISSION

In the matter of	)	
	)	
	)	
OCCIDENTAL PETROLEUM CORPORATION	)	**Docket No. C-4139**
	)	
a corporation	)	
	)	
and	)	
	)	
VULCAN MATERIALS COMPANY	)	
	)	
a corporation.	)	
	)	

COMPLAINT

Pursuant to the Federal Trade Commission Act and the Clayton Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission ("Commission"), having reason to believe that Occidental Petroleum Corporation, a corporation subject to the jurisdiction of the Commission, has entered into an agreement to acquire the chemicals business of Vulcan Materials Company, a corporation subject to the jurisdiction of the Commission, and that the acquisition, if consummated, would result in a violation of Section 5 of the Federal Trade Commission Act, 15 U.S.C. § 45, and Section 7 of the Clayton Act, 15 U.S.C. § 18, and it appearing to the Commission that a proceeding in respect thereof would be in the public interest, hereby issues its complaint, stating its charges as follows:

A. THE RESPONDENTS

1. Respondent Occidental Petroleum Corporation ("Occidental") is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Delaware with its headquarters and principal place of business at 10889 Wilshire Boulevard, Los Angeles, CA. It is the parent company of Occidental Chemical Corporation ("OxyChem"), whose headquarters and principal place of business is located at Occidental Tower, 5005 LBJ Freeway, Dallas, Texas 75244.

2. Occidental,

plants. The large majority of chloralkali plants produce chlorine and caustic soda (sodium hydroxide or NaOH); however, some chloralkali facilities produce chlorine and KOH (potassium hydroxide or caustic potash). OxyChem produces KOH at its chloralkali facilities in Delaware City, Delaware; Mobile, Alabama; and Muscle Shoals, Alabama. OxyChem is the largest producer of KOH in the United States.

3. OxyChem owns 50 percent of Armand Products Company ("Armand"), a joint venture with Church & Dwight. Armand produces potassium carbonate ("potcarb") and potassium bicarbonate at a facility in Muscle Shoals, Alabama that is operated by OxyChem and located next to OxyChem's Muscle Shoals chloralkali facility. Armand is the largest producer of potcarb in the

approximately $145 million. Throughout this Complaint this transaction is referred to as "the proposed transaction."

C. THE RELEVANT MARKETS

9. For the purposes of this Complaint, the relevant product markets in which to analyze the effects of the proposed transaction are research, marketing, manufacture, and sale of (1) potassium hydroxide (also known as KOH); (2) potcarb; and (3) anhydrous potassium carbonate or APC.

10. KOH

15. In 2005, Olin Corp. entered the domestic KOH market. Olin partially converted half of its chloralkali facility in Tennessee to be able to produce either KOH or caustic soda. With the addition of Olin's KOH capacity, the combined KOH capacity of OxyChem and Vulcan is approximately 70% of total U.S. capacity. It is expected that Olin's production in 2005 will represent a small portion of total U.S. production.

16. As measured by capacity, including Olin, the proposed transaction would increase the Herfindahl-Hirschman Index ("HHI") of concentration in domestic KOH by over 1300 points to over 5000.

b. PotCarb

17. The market for potcarb is highly concentrated. There are four producers of potcarb in the United States: Armand, Vulcan, ASHTA, and Na-Churs/Alpine Solutions. ASHTA and Na-Churs produce only liquid potcarb. Armand and Vulcan together accounted the great majority of potcarb produced in the United States in 2004 and controlled over 80% of total capacity. Imports of potcarb account for less than 2% of total potcarb sales.

18. If the proposed transaction is consummated, OxyChem will own the potcarb production assets of Vulcan. Because of the relationship between Armand and OxyChem, they are not independent competitors and their capacity and production are considered jointly for concentration analysis.

19. The proposed transaction would increase the HHI for potcarb, as measured by capacity, by over 1800 points to a postmerger HHI of over 7000 points.

c. APC

20. The market for APC is very highly concentrated. Armand and Vulcan are the only two producers of APC in the United States. Together they accounted for all of the APC produced and over 95% of the APC sold in the United States. ASHTA also owns a facility that can produce APC; however, the company idled the facility at the end of 2002.

21. For APC, the proposed transaction would increase the HHI for production to 10,000 points, an increase of over 2000 points.

23. OxyChem and Vulcan are direct competitors in the sale of KOH in the United States. Many KOH customers obtain bids or quotes from both companies and use competition between them to obtain better pricing.

24. OxyChem, through Armand, and Vulcan are direct competitors in the sale of potcarb and APC in the United States. The companies compete with one another to supply

the decision to enter relatively quickly, its putative entry would not be timely as it can take up to 2 years to construct an APC facility.

G. EFFECTS OF THE PROPOSED ACQUISITION

29. The effect of the acquisition may be substantially to lessen competition and to tend to create a monopoly in the relevant markets in violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 45, in the following ways, among others:

a. It will substantially increase concentration in the markets for KOH, potcarb and APC;

b. It will eliminate Vulcan as the most significant competitor in the KOH market and the only significant competitor in the potcarb and APC markets; and

c. It will lead to a reduction in competition and an increase in the likelihood that OxyChem and Armand will increase prices in the markets for KOH, potcarb, and APC.

H. VIOLATIONS CHARGED

30. The proposed transaction between Occidental and Vulcan violates Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 45.

31. The proposed transaction between Occidental and Vulcan, if consummated, would violate Section 5 of the

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