

II. JURISDICTION

2. Owens Corning is, and at all times relevant herein has been, engaged in commerce as “commerce” is defined in Section 1 of the Clayton Act, as amended, 15 U.S.C. § 12, and is a corporation whose business is in or affects commerce as “commerce” is defined in Section 4 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 44.

III. THE PROPOSED TRANSACTION

3. Saint Gobain is a French company with its head office in Courbevoie, France. Saint Gobain controls a number of companies in the United States, including, but not limited to, Saint Gobain Vetrotex America, Inc. (“Vetrotex America”) located at 4515 Allendale Rd, Wichita Falls, Texas, 76310. Saint Gobain is a global company engaged in a wide variety of businesses, including the development, manufacture, marketing, and sale of glass fiber reinforcements.

4. Owens Corning and Saint Gobain originally planned to combine their respective glass fiber reinforcement businesses in a new entity to be called Owens Corning Vetrotex Reinforcements (“OCVR”). The new entity was to be owned 60% by Owens Corning and 40% by Saint Gobain.

5. In August 2007, the parties restructured the transaction and entered into an acquisition agreement whereby Owens Corning will acquire Saint Gobain’s glass fiber reinforcements and composite fabric business assets worldwide with several important exclusions. Owens Corning will not acquire Saint Gobain assets of the glass fiber reinforcements business located in the United States. Additionally, certain assets located in Europe will be divested pursuant to an agreement entered into between the parties and the European Commission. Consequently, Saint Gobain’s glass fiber reinforcements business and assets located in the United States will be excluded from the proposed acquisition as well as certain assets located in Europe. However, the proposed acquisition still includes Saint Gobain assets that are located in Europe and used in the design, manufacture, and sale of Continuous Filament Mat (“CFM”), a unique glass fiber reinforcement product.

IV. CONTINUOUS FILAMENT MAT AND RELATED TECHNOLOG

6. CFM is a unique glass fiber reinforcement product manufactured by melting quarry inputs (combinations of silica, clay, and other materials) in a refractory lined furnace. The resulting molten glass product is drawn through a holed surface called a bushing. The resulting filaments (in the case of standard furnaces), or the resulting spheres, also known as marbles (in the case of marble furnaces), are then diverted to a separate production function which reheats the materials and uses various chemical and physical processes to alter its properties, ultimately tailoring it for a range of end use applications. In contrast to other types of glass fiber

ultimately converted into a mat using soluble and insoluble binders. Consequently, once the initial filaments or marbles are produced, the downstream production processes and equipment

VII. CONCENTRATION IN THE RELEVANT MARKET

10. The relevant market would be highly concentrated as a result of the acquisition. Post-acquisition, Respondent would account for more than 90 percent of CFM sales in North America.

VIII. CONDITIONS OF ENTR

11. Entry into the relevant market would not be timely, likely, or sufficient in magnitude, character, and scope to deter or counteract the anticompetitive effects of the acquisition.

I . EFFECTS OF THE ACQUISITION

12. The effects of the acquisition, if consummated, may be substantially to lessen competition and tend to create a monopoly in the relevant market 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. Specifically, the acquisition would:

- a. Eliminate actual, direct, and substantial competition between Owens Corning and Saint Gobain in the relevant market;
- b. Reduce innovation competition among developers of the relevant product, including the delay of, or redirection of, research and development projects in the relevant product and CFM applications;
- c. Substantially increase the level of concentration in the relevant market and enhance the probability of coordination; and
- d. Increase Respondent's ability to exercise market power unilaterally in the relevant market.

. VIOLATIONS CHARGED

13. The agreement described in Paragraph 5 constitutes a violation of Section 5 of the FTC Act, as amended, 15 U.S.C. § 45.

14. The transaction described in Paragraph 5, if consummated, would constitute a violation of Section 5 of the FTC Act, as amended, 15 U.S.C. § 45, and Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18.

WHEREFORE, THE PREMISES CONSIDERED, the Federal Trade Commission on this ___day of _____, 2007, issues its Complaint against said Respondent.

By the Commission.

SEAL

Donald S. Clark
Secretary