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UNITED STATES OF AMERICA
BEFORE FEDERAL TRADE COMMISSION

In the Matter of	)	
Hoechst AG, a corporation,	)	
and	)	Docket No. C-3919
Rhône-Poulenc S.A., a corporation,	)	
to be renamed **Aventis S.A.**, a corporation.	)	

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and of the Clayton Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission (the "Commission"), having reason to believe that Respondents Hoechst AG ("Hoechst"), a corporation, and Rhône-Poulenc S.A. ("RP"), a corporation, both subject to the jurisdiction of the Commission, have agreed to merge into the new entity Aventis S.A. ("Aventis"), a corporation, 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, 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:

I. RESPONDENTS

1. Respondent Hoechst is a corporation organized, existing and doing business under and by virtue of the laws of Germany, with its office and principal place of business located at D-65926 Frankfurt am Main, Germany. Hoechst is engaged in the discovery, development, manufacture and sale of chemicals, proprietary and generic human pharmaceutical products, and

animal health products. In the United States, Hoechst operates its pharmaceutical business through its subsidiary, Hoechst Marion Roussel, Inc. ("HMRI"), based in Kansas City, Missouri.

2. Respondent RP is a corporation organized, existing, and doing business under and by virtue of the laws of France, with its office and principal place of business located at 25 Quai Paul Doumer, F-92408 Courbevoie, France. Rhône-Poulenc is to be renamed Aventis S.A. with its registered office relocated at Strasbourg (Bas-Rhin)-Espace Europeen de L'Entreprise, 67300 Schiltigheim, France after the closing of the Business Combination Agreement between Hoechst and RP dated May 20, 1999. RP is engaged in the discovery, development, manufacture and sale of chemicals, and proprietary and generic human pharmaceutical products. In the United States, Rhône-Poulenc operates its pharmaceutical business through its subsidiary, RP Rorer, Inc. ("RPR"), located in Collegeville, Pennsylvania.

II. JURISDICTION

3. Hoechst and RP are, and at all times relevant herein have been, engaged in commerce as "commerce" is defined in Section 1 of the Clayton Act, as amended, 15 U.S.C. § 12, and are corporations whose businesses are in or affect commerce as "commerce" is defined in Section 4 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 44.

III. THE PROPOSED MERGER

4. On or about May 20, 1999, Hoechst and RP signed a merger agreement, providing that each company will contribute most of its respective businesses into a newly formed entity, Aventis ("the merger"). The merger will be accomplished via an exchange offer by RP for all of Hoechst's outstanding shares, with Hoechst shareholders receiving one RP share for each 1.33 outstanding Hoechst share. The estimated value of the exchange of Hoechst shares is $16 billion. The merged entity, Aventis, will control worldwide assets valued at approximately $80 billion.

IV. THE RELEVANT MARKETS

5. One relevant line of commerce in which to analyze the effects of the proposed merger is the research, development, manufacture and sale of direct thrombin inhibitors. Direct thrombin inhibitors are used in the treatment of many blood clotting diseases, because of their unique mechanism of action in the blood clotting cascade of targeting thrombin. There are no acceptable substitutes for direct thrombin inhibitors because of their unique mechanism of action.

6. Another relevant line of commerce in which to analyze the effects of the proposed merger is the manufacture, marketing, and sale of cellulose acetate. Cellulose acetate is a thermoplastic used to produce, among other things, cigarette filters, tool handles, tapes and film.

7. The demand for cellulose acetate is highly inelastic in applications where it is used today, such as cigarette filters, tool handles, and tape and film applications, because its performance properties are superior to those of competing materials. There are no cost effective substitutes for cellulose acetate in these applications.

8. The United States is a relevant geographic area in which to analyze the effects of the merger.

V. STRUCTURE OF THE MARKETS

Direct Thrombin Inhibitors

9. The market for the research, development, manufacture and sale of direct thrombin inhibitors is highly concentrated. Hoechst and RP are the two leading companies developing direct thrombin inhibitor products. Hoechst and RP (based on its license from Novartis AG) control the substantial proprietary rights necessary to commercialize direct thrombin inhibitor products and possess the technological, manufacturing, clinical and regulatory expertise and manufacturing capability to commercially develop direct thrombin inhibitor products. Hoechst's direct thrombin inhibitor, Refludan, has already obtained FDA approval for treatment of the blood clotting disease Heparin-Induced Thrombocytopenia. RP is in late stage development of its direct thrombin inhibitor, Revasc, for Deep Vein Thrombosis. Both Hoechst and RP are either in or near clinical development for the treatment of other blood clotting diseases.

10. The direct thrombin inhibitor market is highly concentrated. Only Hoechst has successfully commercially developed a direct thrombin inhibitor product, Refludan, and only RP is in the final stages of clinical development to obtain FDA approval for its direct thrombin inhibitor product, Revasc.

Cellulose Acetate

11. The market for the manufacture, marketing, and sale of cellulose acetate is highly concentrated. There are three producers of cellulose acetate in the United States: Eastman Chemical Company ("Eastman"); RP, through Primester, a 50-50 joint venture with Eastman and Rhodia, a RP subsidiary; and Celanese AG ("Celanese"). Celanese and Eastman, through each of their wholly-owned facilities, control approximately 45 percent of U.S. cellulose acetate capacity. The Primester joint venture between Rhodia and Eastman accounts for approximately 10 percent of U.S. production capacity.

12. One Celanese shareholder, the Kuwait Petroleum Company ("KPC"), holds 25 percent of Celanese, and pursuant to the merger will hold between 12.5 and 15 percent of Aventis. Therefore, because the remaining shares of both entities are widely held, KPC will

gain significant control of Rhodia, through Aventis, and will also control Celanese. The merged entity will also succeed to Rhodia's interest in the Primester joint venture with Eastman, the only other producer of cellulose acetate in the market in the U.S.

VI. ENTRY CONDITIONS

Direct Thrombin Inhibitors

13. Entry into the direct thrombin inhibitor market would not be timely, likely, or sufficient in its magnitude, character, and scope to deter or counteract the anticompetitive effects of the merger. FDA regulations covering direct thrombin inhibitor products create long lead times for the introduction of new products. Additionally, patents and other intellectual property create large and potentially insurmountable barriers to entry.

14. Entry into the direct thrombin inhibitor market requires lengthy clinical trials, data collection and analysis, and expenditures of significant resources over many years to qualify manufacturing facilities with the FDA. FDA approval of each blood clotting indication can extend up to and beyond 10 years. The FDA must approve all phases of development, including extensive preclinical and clinical work. The most significant barriers to entry include technical, regulatory, patent, clinical and production barriers. No company can reach advanced stages of development in the relevant market without: (1) clinical expertise; (2) scientific research that requires years to complete; (3) patent rights to all the necessary inputs into the direct thrombin inhibitor product sufficient to provide the company with reasonable assurances of freedom to operate; and (4) clinical grade product manufacturing expertise, regulatory approvals and capacity to complete clinical development. The necessary proprietary inputs include methods of using direct thrombin inhibitors for the treatment of various blood clotting diseases and methods of manufacturing direct thrombin inhibitor products.

Cellulose Acetate

15. Entry into the cellulose acetate market would not be timely, likely, or sufficient in its magnitude, character, and scope to deter or counteract the anticompetitive effects of the merger. The demand for cellulose acetate is declining. Cellulose acetate was one of the first thermoplastics developed. Consequently, it has been displaced in many applications by newer

16. The effects of the merger, if consummated, may be substantially to lessen competition or tend to create a monopoly in the direct thrombin inhibitor market and the cellulose acetate 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 merger will:

Direct Thrombin Inhibitors

a. eliminate Hoechst and RP as substantial, independent competitors;

b. eliminate actual, direct, and substantial competition between Hoechst and RP;

c. reduce innovation competition among researchers and developers of direct thrombin inhibitor products, including the reduction in, delay of or redirection of research and development projects;

d. increase the level of concentration in the relevant market;

e. eliminate actual potential and perceived potential competition in the relevant market;

f. increase barriers to entry into the relevant market, in part by combining portfolios of patents and patent applications;

g. increase the merged firm's ability to exercise market power unilaterally.

Cellulose Acetate

h. eliminate Hoechst and RP as substantial, independent competitors;

i. eliminate actual, direct, and substantial competition between Hoechst and RP;

j. increase the level of concentration in the relevant market;

k. eliminate actual potential and perceived potential competition in the relevant market;

l. increase barriers to entry into the relevant products; and

m. increase the likelihood of coordinated interaction.

VIII. VIOLATIONS CHARGED

17. The merger agreement described in Paragraph 4 constitutes a violation of Section 5 of the FTC Act, as amended, 15 U.S.C. § 45.

18. The merger described in Paragraph 4, 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 eighteenth day of January, 2000, issues its Complaint against said Respondents.

By the Commission.

SEAL:

Donald S. Clark
Secretary