

**UNITED STATES OF AMERICA
BEFORE FEDERAL TRADE COMMISSION**

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In the Matter of)	
)	
RECKITT & COLMAN plc,)	Docket No. C-3918
a corporation.)	
)	
)	

COMPLAINT

The Federal Trade Commission ("Commission"), having reason to believe that Respondent, Reckitt & Colman plc ("Reckitt & Colman"), a corporation subject to the jurisdiction of the Commission, has agreed to acquire the voting securities of Benckiser N.V., an entity subject to the jurisdiction of the Commission, 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. RESPONDENT

1. Respondent Reckitt & Colman is a corporation organized, existing, and doing business under and by virtue of the laws of England, with its principal place of business located at 67 Alma Road, Windsor, Berkshire SL4 3HD, United Kingdom.

2. Respondent is engaged in, among other things, the research, development, formulation, manufacture, marketing, and sale of Hard Surface Bathroom Cleaners and Fine Fabric Wash Products.

II. JURISDICTION

3. Respondent 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 ACQUIRED COMPANY

4. Benckiser N.V. ("Benckiser") is a corporation organized, existing, and doing business under and by virtue of the laws of The Netherlands, with its office and principal place of business located at World Trade Center, Amsterdam Airport, Tower C, Schipholboulevard 229, 1118 BH Schiphol Airport, The Netherlands; and includes, but is not limited to, Benckiser Consumer Products Inc., a corporation organized, existing, and doing business under and by virtue of the laws of Delaware, with its office and principal place of business located at Greenwich American Centre, 5 American Lane, Greenwich, Connecticut 06831-2513.

Benckiser's ultimate parent is NRV Vermögensverwaltung GmbH ("Vermögensverwaltung"), a corporation organized, existing, and doing business under and by virtue of the laws of Germany.

5. Benckiser is engaged in, among other things, the research, development, formulation, manufacture, marketing, and sale of Hard Surface Bathroom Cleaners and of Fine Fabric Wash Products.

6. Benckiser 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.

IV. THE PROPOSED ACQUISITION

7. On July 27, 1999, Reckitt & Colman entered into a Merger Agreement to acquire up to 100 percent of the voting securities of Benckiser from Vermögensverwaltung for approximately \$2.7 billion (the "Acquisition").

V. THE RELEVANT MARKETS

8. A relevant line of commerce in which to analyze the effects of the Acquisition is the research, development, formulation, manufacture, marketing, and sale of Hard Surface Bathroom Cleaners.

9. Hard Surface Bathroom Cleaners are products used by consumers to remove from fixtures and cabinets the types of soil and stains that are found in the bathroom, such as built-up dirt, mineral deposits, soap scum, and residues from various personal care products like shampoo and toothpaste. Hard Surface Bathroom Cleaners generally are sold with a trigger or aerosol delivery system.

10. Hard Surface Bathroom Cleaners for consumer use primarily are differentiated through branding. Reckitt & Colman researches, develops, formulates and manufactures Hard Surface Bathroom Cleaners which it markets and sells under the Lysol® brand name. Benckiser researches, develops, formulates and manufactures Hard Surface Bathroom Cleaners which it

markets and sells under the Scrub Free® brand name. Lysol® and Scrub Free® are two of the leading brands of Hard Surface Bathroom Cleaners.

11. Other types of household cleaners (including all purpose cleaners, which generally are pourables and dilutables used to clean large surfaces throughout the home; kitchen cleaners, which are formulated to remove greasy residues from kitchen appliances and other kitchen surfaces; and abrasive powders and creams, which generally are used to remove heavy deposits of rust or other stains in the sink) are not substitutes for Hard Surface Bathroom Cleaners.

12. Consumers are not likely to switch from Hard Surface Bathroom Cleaners to other types of household cleaners in response to a small but significant and nontransitory increase in price because of differences between those products and Hard Surface Bathroom Cleaners in terms of convenience, method of application, and efficacy.

13. Another relevant line of commerce in which to analyze the effects of the Acquisition is the research, development, formulation, manufacture, marketing, and sale of Fine Fabric Wash Products.

14. Fine Fabric Wash Products are used by consumers to clean safely and to freshen delicate fabrics, such as silk, woolens, undergarments, sportswear and vibrantly colored articles of clothing.

15. Fine Fabric Wash Products primarily are differentiated through branding. Reckitt & Colman researches, develops, formulates and manufactures Fine Fabric Wash Products which it markets and sells under the Woolite® brand name. Benckiser researches, develops, formulates and manufactures Fine Fabric Wash Products which it markets and sells under the Delicare® brand name. These are the only two national brands of Fine Fabric Wash Products.

16. Detergents used to launder washable fabrics contain ingredients not found in Fine Fabric Wash Products. These ingredients are important to the ability of the detergent to remove stains and heavy soils from clothing but are harsh on fabrics. Consequently, detergents are likely to cause fading and delicate fabric fiber damage with continued use, and are not substitutes for Fine Fabric Wash Products.

17. Consumers are not likely to switch from Fine Fabric Wash Products to detergents in response to a small but significant and nontransitory increase in price because of the differences in product performance characteristics.

18. The United States is the relevant geographic area in which to analyze the effects of the Acquisition in the relevant lines of commerce because products sold exclusively outside the United States do not have brand acceptance among United States consumers, and because of the high costs associated with shipping relatively low-value products composed primarily of water.

VI. STRUCTURE OF THE MARKETS

19. The market for the research, development, formulation, manufacture, marketing, and sale of Hard Surface Bathroom Cleaners is highly concentrated as measured by the Herfindahl-Hirschman Index ("HHI"). The post-merger HHI is approximately 2300 points, which is an increase of about 500 points over the premerger HHI level. Reckitt & Colman and Benckiser are two leading suppliers of Hard Surface Bathroom Cleaners in the United States.

20. Reckitt & Colman and Benckiser are actual competitors in the relevant market for the research, development, formulation, manufacture, marketing, and sale of Hard Surface Bathroom Cleaners in the United States.

21. The market for the research, development, formulation, manufacture, marketing, and sale of Fine Fabric Wash Products is highly concentrated as measured by the HHI. The post-merger HHI is approximately 8500 points, which is an increase of about 700 points over the premerger HHI level. Reckitt & Colman and Benckiser are the two leading suppliers of Fine Fabric Wash Products in the United States.

22. Reckitt & Colman and Benckiser are actual competitors in the relevant market for the research, development, formulation, manufacture, marketing and sale of Fine Fabric Wash Products in the United States.

VII. BARRIERS TO ENTRY

23. Entry into the relevant markets is unlikely and would not occur in a timely manner to deter or counteract the adverse competitive effects described in Paragraph 24 because of, among other things, the difficulty of developing a new product, gaining brand name recognition and customer acceptance, and establishing a network of retail distributors.

VIII. EFFECTS OF THE ACQUISITION

24. The effects of the Acquisition, if consummated, 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 FTC Act, as amended, 15 U.S.C. § 45, in the following ways, among others:

(a) by eliminating actual, direct, and substantial competition between Reckitt & Colman and Benckiser in the relevant markets;

(b) by increasing the likelihood that Reckitt & Colman will unilaterally exercise market power in the relevant markets;

(c) by increasing the likelihood of, or facilitating, collusion or coordinated interaction between Reckitt & Colman and the remaining competitors in Hard Surface Bathroom Cleaners; and

(d) by increasing the likelihood that consumers of Hard Surface Bathroom Cleaners and Fine Fabric Wash Products would be forced to pay higher prices.

IX. VIOLATIONS CHARGED

25. The Merger Agreement described in Paragraph 7 constitutes a violation of Section 5 of the FTC Act, as amended, 15 U.S.C. § 45.

26. The Acquisition described in Paragraph 7, if consummated, would constitute a 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.

WHEREFORE, THE PREMISES CONSIDERED, the Federal Trade Commission on this eighteenth day of January, 2000, issues its Complaint against said Respondent.

By the Commission, Commissioner Leary recused.

Donald S. Clark
Secretary

SEAL: