

UNITED STATES OF AMERICA  
BEFORE FEDERAL TRADE COMMISSION

COMMISSIONERS:      **Jon Leibowitz, Chairman**  
                             **William E. Kovacic**  
                             **J. Thomas Rosch**  
                             **Edith Ramirez**  
                             **Julie Brill**

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<b>In the Matter of</b>	)	
	)	
<b>AEA Investors 2006 Fund, L.P.</b>	)	
<b>a limited partnership,</b>	)	
	)	
<b>HHI Holding Corporation,</b>	)	
<b>a corporation, and</b>	)	
	)	
<b>Houghton International, Inc.</b>	)	<b>Docket No. C-4297</b>
<b>a corporation.</b>	)	
	)	
	)	
_____	)	

COMPLAINT

Pursuant to the Clayton Act and the Federal Trade Commission Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission (“Commission”), having reason to believe that Respondent AEA Investors 2006 Fund, L.P., Respondent HII Holding Corporation and Respondent Houghton International, Inc. (“Houghton”), violated Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the Federal Trade Commission Act (“FTC Act”), as amended, 15 U.S.C. § 45, by purchasing D.A. Stuart Holding GmbH (“Stuart”) from Wilh. Werhahn KG (“Werhahn”), 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 AND JURISDICTION**

### **A. AEA**

1. Respondent AEA is a limited partnership organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business located at 55 East 52<sup>nd</sup> Street, New York, New York 10055.
2. Respondent AEA is a person subject to the jurisdiction of the Commission.
3. Respondent AEA 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.
4. Respondent AEA is a person 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.

### **B. HII Holding Corporation**

5. Respondent HII Holding Corporation is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business located at Madison and Van Buren Avenues, Valley Forge, Pennsylvania 19482-0930.
6. HII Holding Corporation is a subsidiary of Respondent AEA.
7. HII Holding Corporation now owns all outstanding voting securities of Stuart.
8. HII Holding Corporation is a corporation subject to the jurisdiction of the Commission.
9. HII Holding Corporation 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.
10. HII Holding Corporation 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.

### **C. Houghton International, Inc.**

11. Houghton is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Pennsylvania, with its office and principal place of business located at Madison and Van Buren Avenues, Valley Forge, Pennsylvania 19482-0930.
12. Houghton is a wholly-owned subsidiary of HII Holding Corporation.

13. Houghton is an international manufacturer of specialty chemicals and a provider of chemical management services for the metalworking industry. Houghton's major product lines include fluids used in metal cutting, fluid power (hydraulics) and metal rolling. Houghton is engaged in the sale of aluminum hot rolling oil ("AHRO") and associated technical support services.
14. Houghton 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.
15. Houghton 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.
16. Respondents AEA, HII Holding Corporation, and Houghton International, Inc. hereinafter are collectively referred to as "Respondents."

## **II. THE ACQUISITION**

17. On July 3, 2008, Respondents entered into a Share Purchase Agreement ("Agreement") with Werhahn and Stuart VV to acquire all of the outstanding voting securities of Stuart ("Acquisition").
18. The Acquisition combined the two largest producers of AHRO.

## **III. THE RELEVANT MARKET**

### **A. Product Market**

19. The relevant product market in which to analyze the competitive effects of the Acquisition is the production and sale of AHRO and associated technical support services. AHRO is an indispensable element in the production of hot rolled aluminum plate and hot rolled aluminum sheet.
20. There are no products or services that are reasonably interchangeable with or viable substitutes for AHRO and its associated technical support services.

### **B. Geographic Market**

21. The relevant geographic market for analyzing the effects of the Acquisition is North America. North American customers are unlikely to purchase AHRO and associated technical support services from suppliers located overseas due to the high cost of transporting these products by marine vessel and the long lead times associated with the marine transport of AHRO.

#### **IV. MARKET PARTICIPANTS AND CONCENTRATION**

22. Five firms produce AHRO in North America. Two large aluminum hot mill customers partially supply their own AHRO needs and three firms produce AHRO commercially. The Acquisition reduces the total number of producers from five to four.
23. The Acquisition greatly increases concentration in the relevant market. Stuart and Houghton together control approximately 75% of the North American market for AHRO.

#### **V. ANTICOMPETITIVE EFFECTS**

24. The proposed acquisition may substantially lessen competition in the following ways, among others:
  - a. by eliminating actual, direct and substantial competition between Houghton and Stuart in the sale of AHRO and associated technical support services in the relevant market;
  - b. by combining the two dominant suppliers of AHRO and associated technical support services in the United States, thereby substantially increasing concentration in the already concentrated market for the sale of AHRO and associated technical support services in North America;
  - c. by eliminating Stuart as the closest substitute to Houghton for AHRO and associated technical support services in North America;
  - d. by increasing the likelihood that a combined Houghton and Stuart will unilaterally exercise market power in the sale and distribution of AHRO and associated technical support services;

each of which increases the likelihood that prices for AHRO and associated technical support services will increase above competitive levels, and that competition for the sale of AHRO and associated technical support services is likely to decrease in the relevant market.

#### **VI. ENTRY CONDITIONS**

25. Entry into the relevant markets is difficult and would not be likely, timely or sufficient to remedy the anticompetitive effects of the proposed acquisition.

#### **VII. VIOLATIONS**

26. The allegations contained in paragraphs 1-25 are repeated and realleged as though fully set forth here.

27. Respondents' acquisition of Stuart substantially lessened competition 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.
28. The Agreement described in paragraph 17 constitutes a violation of Section 5 of the FTC Act, 15 U.S.C. § 45, as amended.

**IN WITNESS WHEREOF**, the Federal Trade Commission has caused this complaint to be signed by the Secretary and its official seal to be affixed hereto, at Washington, D.C., this twenty-sixth day of August, 2010.

By the Commission.

Donald S. Clark  
Secretary

SEAL