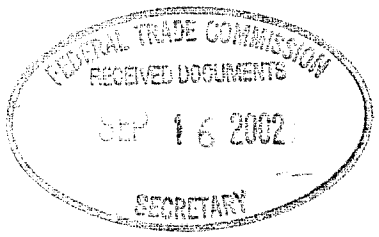


UNITED STATES OF AMERICA

BEFORE THE FEDERAL TRADE COMMISSION

In the matter of	:	
	:	Docket No.: C-3919
Hoechst AG,	:	
	:	
a corporation,	:	
	:	**PUBLIC VERSION**
and	:	
	:	
Rhône-Poulenc SA,	:	
	:	
a corporation to be renamed Aventis, a corporation.	:	

PETITION OF AVENTIS TO REOPEN AND MODIFY ORDER

Pursuant to section 5(b) of the Federal Trade Commission Act, 15 U.S.C. § 45(b), and Section 2.51 of the Federal Trade Commission (the "Commission") Rules of Practice, 16 C.F.R. § 2.51, Aventis, the successor company to Rhône-Poulenc S.A. ("RP") and Hoechst AG ("Hoechst") (collectively "Respondent"), by and through its undersigned counsel, hereby moves the Commission for an Order to reopen this matter for the limited purpose of modifying the Commission's Decision and Order finalized January 20, 2000, and previously modified on March 11, 2002 (the "Order," attached hereto as Exhibit A).

The Order requires Respondent, *inter alia*, to reduce to 5 percent its holdings in Rhodia, a French-based publicly held chemical company in which RP held a 67 percent share at the time of its merger with Hoechst to form Aventis. Because a quick reduction in shares of a publicly held company would have caused significant market disruption, Respondent – with the approval of both the European Union ("EU") and the Commission – was given approximately five years to complete the sale of its Rhodia shares.

At that time, Respondent intended to accomplish the divestiture through two concurrent offerings: (a) the public offering of approximately 42 percent of Rhodia's outstanding voting securities; and (b) the issuance of notes exchangeable into the remainder of Respondent's Rhodia holdings, representing 25 percent of Rhodia's shares. Both offerings were

completed in October 1999, shortly before the merger. Respondent's Rhodia holdings are now limited to the shares held in escrow pending the exchange of the notes. These shares represent 25 percent of Rhodia's issued and outstanding voting securities.

Basic changes in market conditions since 1999 have made it highly unlikely that the exchangeable notes will be converted to shares prior to maturity of the notes in October 2003. Because the Order requires Respondent to reduce its Rhodia holdings to 5 percent by April 2004, Respondent will thus be forced to sell a large amount of Rhodia's outstanding shares during a short period of time in order to satisfy its obligations to the Commission and the EU.

Respondent has developed alternative mechanisms to ensure compliance with the objectives of the EU undertakings and the Order, as its original divestiture plan is no longer workable. These alternatives should enable Respondent to dispose of its Rhodia shares within the period provided for by the Order in a more effective and efficient manner than the exchangeable notes plan. Moreover, Respondent's revised divestiture plan should allow it to satisfy its obligations under the Order without causing undue harm to Rhodia, Rhodia's other shareholders, or to the market in general. The modifications requested herein by Respondent are therefore in the public interest.

Respondent does not believe that the Order specifies the means through which the required divestiture must be achieved, and maintains that its proposal is permissible under the plain meaning of the language of the Order as written. However, the FTC Staff has interpreted the Order differently, concluding that it requires the use of the exchangeable notes to achieve the divestiture. Despite this disagreement over interpretation, Respondent and the Staff agree that Respondent's revised divestiture plan is in the best interests of all concerned. Therefore, without prejudice to its belief that its alternative divestiture plans are permissible under the Order as written, Respondent hereby petitions the Commission to re-open and modify the Order.

Specifically, Respondent requests that the Commission modify the Order to: (1) expand the language of Paragraph VI.C that allows Respondent to exclude from its Rhodia holdings any shares held in escrow to honor the exchangeable notes, to permit Respondent otherwise to place its Rhodia shares in escrow pending divestiture by alternative means; (2) specify the date that is currently established by reference in Paragraph VI.D by which

Respondent must reduce its Rhodia holdings; and (3) conform Paragraph VII to the revised Paragraph VI.C. Respondent's proposed language to effect these modifications is contained in Section III *infra*.

I. BACKGROUND

A. The Transaction

1. On May 20, 1999, Hoechst and RP (the "Parties") agreed to merge their respective life science businesses to form Aventis. The transaction was investigated by the EU and by the Commission.

2. Although the merger did not include a combination of the Parties' specialty chemicals businesses, both the EU and the Commission were concerned that Respondent would be able to exercise some degree of control over the specialty chemicals businesses of the former RP and the former Hoechst – Rhodia and Celanese, respectively.

3. Prior to the merger Celanese was a wholly owned subsidiary of Hoechst, while RP held approximately 67 percent of Rhodia's outstanding voting securities.

B. EU Undertakings

4. To address the EU's concerns the Parties agreed to the following undertakings in Europe in August 1999: (a) the Parties would not close the transaction until Hoechst had divested its interest in Celanese; (b) RP, and later Aventis, would reduce its holdings in Rhodia to 5 percent or less of the latter's issued and outstanding voting securities; (c) RP, and later Aventis, would grant the Rhodia board of directors the right by a blank proxy to exercise the voting rights of RP's Rhodia shares; and (d) RP, and later Aventis, would not exercise any control over the Rhodia board after the closing of the transaction.

5. Celanese was spun off by Hoechst as a separate company in October 1999 through a distribution of its shares to the shareholders of Hoechst.

6. Regarding the disposition of Respondent's Rhodia shares, Respondent and the EU were concerned that an immediate sale on the open market of all of Respondent's Rhodia holdings would cause Rhodia's share price to plummet. Instead, the Parties proposed and the EU

approved the gradual disposition of Respondent's Rhodia holdings over time, through two concurrent offerings.

7. The first offering was a single global offering of approximately 42 percent of Rhodia's shares, as described in the Amendment to Form F-3 filed by Rhodia with the U.S. Securities and Exchange Commission on October 14, 1999 (the "Form F-3"). Given the strong market prevailing at the time, this offering was accomplished in October 1999.

8. The second offering, also described in the Form F-3, was to be the sale of notes exchangeable for the remaining Rhodia shares held by Respondent (the "Note Exchange Plan"). Under the Note Exchange Plan holders of the notes have until October 22, 2003, the notes' maturity date, to exchange their notes for shares. To assure the availability of the Rhodia shares for exchange, as described in Appendix A RP placed its remaining Rhodia shares – representing approximately 25 percent of Rhodia's issued and outstanding voting securities – into escrow, where they are to remain until they are transferred to a noteholder in an exchange or until the note exchange period expires. Any notes that have not been exchanged by October 22, 2003 are redeemable for cash, and any Rhodia shares remaining in escrow at that time are to be returned to Respondent to be sold within six months – by April 22, 2004 – pursuant to the undertakings made by Respondent to the EU and, later, to the FTC.

9. While Respondent's Rhodia shares are in escrow pending the conclusion of the note exchange period, Respondent has established a proxy system to govern the voting of the shares (the "Proxy System"). Under an agreement approved by the EU, on the occasion of each general meeting of Rhodia's shareholders Respondent is to send a signed blank proxy to Rhodia through BNP Paribas, a major French bank approved by the EU to supervise Respondent's compliance. Under French law this proxy authorizes Rhodia's board of directors to vote Respondent's shares in favor of all resolutions proposed or approved by the board, and against all others. These protections, which are described in Appendix A and in the Form F-3, continue to be enforced and are regularly applied.

C. The Order

10. In November 1999 the Commission furnished the Parties with a copy of a draft complaint which the Bureau of Competition proposed to present to the Commission for its

consideration and which, if issued by the Commission, would have charged the Parties with a violation of Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C § 45, and a violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18.

11. The complaint alleged that the proposed merger would lessen competition in two markets: (1) the direct thrombin inhibitor market; and (2) the market for cellulose acetate. The complaint did not allege that the proposed merger would lessen competition in any other relevant market.

12. Cellulose acetate is a thermoplastic used to produce, among other things, cigarette filters, tool handles, tapes, and film. At the time of the merger RP participated in the cellulose acetate market in the U.S. through Rhodia, which held a 50 percent interest in Primester, a U.S. joint venture with Eastman Chemical Company. Celanese, which was owned by Hoechst prior to October 1999, also produces and markets cellulose acetate.

13. On December 7, 1999, the Parties, their attorneys, and counsel for the Commission executed an agreement containing the Order, which the Commission executed and then placed on the public record.

14. On December 15, 1999, the Parties consummated the transaction contemplated by the Merger Agreement by combining their life sciences businesses into Aventis.

15. On January 20, 2000, the Commission, in conformity with procedures described in § 2.34 of its Rules, entered the Order.

16. The EU had approved the Note Exchange Plan and the Proxy System described in paragraphs 8-9 *supra* before the Parties and the FTC finalized the Order in December 1999. Thus, the FTC was aware of the undertakings made to the EU before the entry of the Order.

17. Like the EU decision, Paragraph VI.A of the Order requires Hoechst to have divested its Celanese subsidiary before consummation of the Aventis transaction. The Order also requires Respondent to reduce its holdings in Rhodia to less than 5 percent of the latter's issued and outstanding voting securities.

18. The Order recognizes the need for a gradual divestiture of Respondent's Rhodia shares by specifying two points in time by which Respondent must have reduced its Rhodia holdings, in Paragraphs VI.C and VI.D:

> C. Within three (3) months of the date the Agreement Containing Consent Order in this matter is accepted by the Commission for public comment, Respondents shall have reduced their holdings in Rhodia to 5 percent or less of Rhodia's issued and outstanding voting securities. For purposes of this Paragraph VI.C. only, any Rhodia shares held in escrow by RP at that time, to be exchanged with the exchangeable notes issued by RP in a private placement as described in the Prospectus dated October 14, 1999, filed by Rhodia with the Securities and Exchange Commission on October 18, 1999, in connection with Rhodia's Registration Statement on Form F-3 (Reg. No. 333-10832) (the "Form F-3"), shall not be included as shares held by RP for purposes of calculating RP's Rhodia holdings.
>
> D. Within six (6) months of the end of the note exchange period described in the Form F-3, Respondents shall have reduced their holdings in Rhodia to five (5) percent or less of Rhodia's issued and outstanding voting securities.

19. On March 7, 2000, three months after the date that the Order was accepted by the Commission for public comment, Respondents were in compliance with Paragraph VI.C.

20. Respondent's obligations under Paragraph VI.D will not take effect until April 22, 2004. That date is determined pursuant to the Order by adding six months to October 22, 2003, the maturity date of the exchangeable notes specified in the Form F-3.

D. Changed Market Conditions

21. Market conditions have rendered the Note Exchange Plan ineffective. The terms and conditions of the notes were structured such that an exchange would become attractive to the noteholders at a price of approximately EUR 23 per share. Although Rhodia's share price was EUR 18 at the time of the offer, shortly after the Order was entered the company's share price began a dramatic decline from which it has never recovered. Rhodia's share price today is about EUR 9, far below the point where noteholders can be expected to request an exchange.

22. Because there is no reason to expect significant improvement in the share price in the near to medium term, Respondent believes that it is highly unlikely that the noteholders will convert their notes into Rhodia shares. This will force Respondent to unload as

much as 25 percent of Rhodia's outstanding voting securities between October 2003 and April 2004. Such a quick divestiture could cause a collapse in Rhodia's share price, resulting in harm to Rhodia's present shareholders, to Rhodia, and to the market generally.

E. Respondent's Revised Plan

23. Respondent is exploring alternative means of reducing its Rhodia holdings within the time frame required by the Order that do not carry the risk of market harm presented by the Note Exchange Plan. All of these alternatives will allow Respondent to sell its remaining Rhodia holdings over an extended period of time without changing the back-end date for the disposition established by the Order.

24. The necessary first step for any of these alternatives is for Respondent to regain ownership of the notes. Respondent therefore intends to launch a public tender offer to buy back the notes for cash with a premium payable to the noteholders. Respondent intends to launch this tender offer as soon as practicable – *i.e.*, as soon as the Commission approves the modifications requested herein.

25. After Respondent has bought back the notes, it expects to divest its Rhodia shares by April 2004 as required

[REDACTED]

II. MODIFICATION OF THE ORDER IS IN THE PUBLIC INTEREST

26. Consent orders that preserve competition without causing undue harm to third parties are in the public interest.

27. Under the Order as written, and as interpreted by the Staff, Respondent must divest its remaining Rhodia shares through the mechanism of the exchangeable notes. Because noteholders are not expected to exchange their notes for Rhodia shares due to changed market conditions, Respondent will thus be forced to sell approximately 25 percent of Rhodia's issued and outstanding voting securities during a compressed six-month period.

28. Such a forced sale will likely cause Rhodia's share price to plummet, which will in turn reduce the value of the holdings of Rhodia's other shareholders. This loss of market value will have a catastrophic effect on Rhodia, which as a result of the decreased share price would face considerable difficulty obtaining financing on reasonable terms. This will directly affect Rhodia's ability to compete. Such a result is not in the public interest.

29. Through modifying the Order as requested herein, the Commission will enable Respondent to satisfy its obligations under the Order, in the time required, without causing undue injury to Rhodia, its shareholders, or the market. The alternative means being considered by Respondent to dispose of its Rhodia shares will all preserve the central goals of the Order – the reduction of Respondent's holdings in Rhodia by April 2004 and the independent operation of the two companies in the interim. Modifying the Order is therefore in the public interest.

A. Standard of Review

30. Section 5(b) of the Federal Trade Commission Act, 15 U.S. C. § 45(b), and Section 2.51(b) of the Commission's Rules of Practice, 16 C.F.R. § 2.51(b) provide that the Commission may reopen and modify an order if the public interest requires such action.

31. Section 2.51(b) of the Commission's Rules states that parties seeking to have orders reopened and modified must include in their request "a satisfactory showing that changed conditions of law or fact require the rule or order to be altered, modified, or set aside, . . . or that the public interest so requires." 16 C.F.R. § 2.51(b). According to the Supplementary Information published by the FTC when it amended 16 C.F.R. § 2.51(b) in August 2000:

> a 'satisfactory showing' requires, with respect to 'public interest' requests, that the requester make a *prima facie* showing of a legitimate 'public interest' reason or reasons justifying relief. [T]his showing requires the requester to demonstrate, for example, that there is a more effective or efficient way of achieving the purposes of the order . . . .

Requests to Reopen, 65 Fed. Reg. 50,636, 50,637 (2000) (to be codified at 16 C.F.R. part 2).

32. Public interest warrants that the Commission grant the relief requested herein, because the measures that are arguably required by the current Order are not the most effective or efficient means of achieving the purposes of that Order. Respondent respectfully

submits that its alternative means of satisfying its obligation to divest its Rhodia holdings are likely to achieve the intended purposes of the Order in a manner that is more effective and efficient than would be the case under the Order as it is written.

B. Due To Changed Market Conditions, The Order As Currently Written Is Not In The Public Interest

33. The Order recognizes that Rhodia is an independent company, and that it has an interest in an orderly divestiture of Respondent's Rhodia shares. The Order therefore allows for a gradual divestiture of Respondent's Rhodia shares over time, by allowing Respondent to exclude from its Rhodia holdings any shares held in escrow pursuant to the Note Exchange Plan, for purposes of determining whether Respondent satisfied its obligations under Paragraph VI.C.

34. Under current market conditions, the Note Exchange Plan will not yield the result that Respondent intended – the gradual release of its remaining Rhodia shares into the market. The noteholders are expected to retain their notes until the maturity date, and then to redeem the notes for cash. As a result, Respondent believes that it will be required to sell its significant Rhodia holdings quickly between October 22, 2003, the maturity date of the notes, and April 22, 2004, the final disposition date established by Paragraph VI.D of the Order.

35. To avoid this result Respondent would prefer to re-purchase the exchangeable notes, so that it will be free to divest the shares currently held in escrow pursuant to the Note Exchange Plan through alternative means. However, under the Staff's interpretation of the Order Respondent cannot re-purchase the exchangeable notes because it is required to use them as the means of achieving the required divestiture. Because the Order as written and interpreted by the Staff will result in significant injury to Rhodia, its shareholders, and the market, it is not in the public interest.

C. Modifying The Order To Enable Respondent To Buy Back The Exchangeable Notes Is In The Public Interest

36. Respondent is committed to achieving the required disposition of its Rhodia holdings by the date established in Paragraph VI.D – April 22, 2004 – without causing undue injury to Rhodia, its shareholders, and to the market in general. However, before Respondent can explore alternative means of disposing of its Rhodia shares it must first re-

purchase the notes, thereby freeing the shares that it must currently keep in escrow pursuant to the Note Exchange Plan. Respondent seeks to modify the Order because under the Staff's interpretation the Order does not permit Respondent to abandon the Note Exchange Plan by re-purchasing the notes.

37. Under the Staff's interpretation Respondent would violate the Order if it re-purchased the notes, because it is only permitted to hold more than 5 percent of Rhodia's shares prior to April 22, 2004 if such shares are held in escrow pursuant to the Note Exchange Plan. If Respondent re-purchases the notes and abandons the Note Exchange Plan, any Rhodia shares held in its name in excess of 5 percent, regardless of how they are held, will fall outside the exclusion specified by Paragraph VI.C according to this interpretation.

38. Modifying the Order as requested herein will enable Respondent to hold its Rhodia shares in escrow for purposes other than the Note Exchange Plan – *i.e.*, so that the shares can be divested by April 22, 2004 through alternative means.

39. The Proxy System described in the Form F-3 and in Appendix A, which was established in 1999 to protect competition in the interim, will remain in place and will continue to be enforced by the EU regardless of the method used by Respondent to dispose of the shares. At no time will Respondent be in a position to exercise any control over Rhodia, nor will it be able to exercise any voting rights other than under the Proxy System. Thus, the purposes of the relevant sections of the Order – the reduction of Respondent's holdings in Rhodia by a date certain and the independent operation of the two companies – will still be satisfied.

40. Respondent's proposal will allow it to achieve a market-efficient result without any negative competition implications and without causing unnecessary harm to third parties, including Rhodia, its other shareholders, and the market in general. Modification of the Order is therefore in the public interest.

41. The modification requested herein has been discussed by Respondent with the Staff. The Staff has indicated that the proposed modification is likely to achieve the intended purposes of the Order more effectively and efficiently than the Order as currently

written. Therefore, Respondent requests that the Commission modify the Order to allow Respondent to buy back the exchangeable notes.

III. MODIFICATIONS REQUESTED

42. Specifically, then, in the interests of achieving an efficient divestiture of Respondent's Rhodia holdings in the time required by the Order without causing undue injury to Rhodia, its shareholders, or the market, Respondent now approaches the Commission seeking to have the terms of the Order modified as follows:

> VI. IT IS FURTHER ORDERED that:
>
> * * * * *
>
> C. Within three (3) months of the date the Agreement Containing Consent Order in this matter is accepted by the Commission for public comment, Respondents shall have reduced their holdings in Rhodia to 5 percent or less of Rhodia's issued and outstanding voting securities. For purposes of this Paragraph VI.C only, any Rhodia shares held in escrow by RP at that time, *either (1)* to be exchanged with the exchangeable notes issued by RP in a private placement as described in the Prospectus dated October 14, 1999, filed by Rhodia with the Securities and Exchange Commission on October 18, 1999, in connection with Rhodia's Registration Statement on Form F-3 (Reg. No. 333-10832) (the "Form F-3"); *or (2) to be otherwise held in escrow pending divestiture, provided that Respondents will not exercise any voting rights in said shares other than as described in the Form F-3*, shall not be included as shares held by RP for purposes of calculating RP's Rhodia holdings.
>
> D. *By April 22, 2004, i.e.,* ~~Within~~ six (6) months *from* ~~of~~ the end of the note exchange period described in the Form F-3, Respondents shall have reduced their holdings in Rhodia to five (5) percent or less of Rhodia's issued and outstanding voting securities.
>
> * * * * *
>
> VII. IT IS FURTHER ORDERED that:
>
> A. If Respondents have not fully complied with the obligations specified in Paragraph VI.C of this Order, the Commission may appoint a trustee to divest any shares of Rhodia held in Respondents' names, excluding those Rhodia shares *held in escrow by* Respondents ~~are required to hold pursuant to the private placement described in the Form F-3~~ *as described in Paragraph VI.C.* In the event that the Commission or the

Attorney General brings an action pursuant to § 45(l) of the Federal Trade Commission Act, 15 U.S.C. § 45(l), or any other statute enforced by the Commission, Respondents shall consent to the appointment of a trustee in such action to divest any Rhodia shares held in Respondents' names above five (5) percent of Rhodia's issued and outstanding voting securities, excluding those Rhodia shares *held in escrow by* Respondents ~~are required to hold pursuant to the private placement described in the Form F-3~~, *as described in Paragraph VI.C.* . . .

B. If a trustee is appointed by the Commission or a court pursuant to paragraph VII.A of this Order, Respondents shall consent to the following terms and conditions regarding the trustee's powers, duties, authority, and responsibilities:

* * * * *

2. Subject to the prior approval of the Commission, the trustee shall have the exclusive power and authority to divest any shares of Rhodia held in Respondents' names, excluding those Rhodia shares held in *escrow by* Respondents~~' names~~ *as described in Paragraph VI.C.* ~~pursuant to the note exchange program described in the Form F-3.~~

43. As required by Section 2.51(b) of the Commission's Rules of Practice, 16 I.E. ¶2.51(b), an affidavit by Marc Silsiguen, Head of Corporate Finance at Aventis, is attached hereto. This affidavit sets forth the specific facts demonstrating the reasons why the public interest requires the requested modifications of the Order.

* * * * *

For the reasons given above, the Commission should grant Respondent's Petition to Reopen and Modify Order as described herein, and should grant such other further relief as would reduce the burden of this Order on Respondent, as the Commission may determine to be in the Public Interest.

Dated: September 16, 2002

Respectfully submitted,

AVENTIS, S.A.

Steven C. Sunshine
James J. O'Connell, Jr.
SHEARMAN & STERLING
801 Pennsylvania Avenue, N.W.
Washington, DC 20004-2604

Appendix A

1. In August 1999 the European Commission issued its decision approving the combination of the life sciences businesses of Rhône-Poulenc S.A. ("RP") and Hoechst Aktiengesellschaft ("Hoechst") (collectively, the "Parties) to form Aventis. Case No. IV/M. 1378 Hoechst/Rhône-Poulenc, Merger Procedure 6(l)b Decision (August 9, 1999) (the "EU Decision"). This approval was conditioned in part on RP undertaking to divest its 67 percent stake in Rhodia, according to the terms of Annex 1 of the EU Decision. EU Decision ¶ 119.

2. In Annex 1 of the EU Decision, RP undertook to (a) keep the management of Rhodia separate from all other chemical activities originating from, or belonging to, Hoechst; (b) ensure that there would be no directors in common between the boards of Rhodia and the ex-Hoechst chemical companies; and (c) divest its Rhodia holdings with the assistance of an advising bank. EU Decision Annex 1.

3. In satisfaction of the undertakings described in Annex 1 of the EU Decision, RP appointed the French bank BNP Paribas as its advising bank. In September 1999 the Parties proposed, and the EU approved, a plan whereby RP would divest its Rhodia holdings via two concurrent offerings, both to be launched in October 1999. The first offering, described in the Amendment to Form F-3 filed by Rhodia with the U.S. Securities and Exchange Commission on October 14, 1999 (the "Form F-3"), was a single global offering of approximately 42 percent of Rhodia's shares. The second offering, also described in the Form F-3, was the sale of notes exchangeable for the remaining Rhodia shares held by RP.

4. At the conclusion of the first of the two offerings in October 1999, RP held 45.2 million Rhodia shares, or approximately 25 percent of Rhodia's issued and outstanding voting securities. On October 21, 1999 RP appointed Paribas Escrow Agent and agreed to transfer these remaining Rhodia shares into a Share Escrow Account, where they are to remain pending exchange with the holders of the notes (the "Escrow Agreement").

5. The Escrow Agreement is to remain in effect until the earlier of (a) the date on which there are no shares remaining in the Share Escrow Account, and (b) April 22, 2004. Escrow Agreement ¶ 12.

6. According to the Terms & Conditions of the notes, and in furtherance of the undertakings described in the EU Decision, RP and Paribas entered into an agency agreement on October 22, 1999 (the "Agency Agreement"). The Agency Agreement specifies, *inter alia*, that on the occasion of each general meeting of Rhodia's shareholders RP is to send a signed blank proxy to Rhodia through its agent Paribas, authorizing Rhodia's board of directors to vote the Rhodia shares held in the Share Escrow Account in favor of all resolutions proposed or approved by the board, and against all others. Agency Agreement ¶ 3.

7. The Agency Agreement is to remain in effect until the earlier of (a) the date on which RP's Rhodia holdings represent less than 5 percent of Rhodia's issued and outstanding voting securities, and (b) April 22, 2004. Agency Agreement ¶ 7.

UNITED STATES OF AMERICA

BEFORE THE FEDERAL TRADE COMMISSION

In the matter of	:	
	:	Docket No.: C-3919
Hoechst AG,	:	
	:	
a corporation,	:	**PUBLIC VERSION**
	:	
and	:	
	:	
Rhône-Poulenc SA,	:	
	:	
a corporation to be renamed Aventis, a corporation.	:	

AFFIDAVIT IN SUPPORT OF PETITION OF AVENTIS TO REOPEN AND MODIFY ORDER

Marc Silsiguen hereby states as follows:

1. I am Head of Corporate Finance for Aventis ("Aventis" or the "Company"). I am therefore familiar with the extent of Aventis' financial holdings in Rhodia, the commitment the Company has made to the European Union (the "EU") and to the Federal Trade Commission (the "Commission") to reduce its Rhodia holdings, and the means through which the Company originally intended to achieve the required disposition of its Rhodia shares. I am also the individual who will be primarily responsible for designing and implementing alternative plans for the disposition of the Company's Rhodia shares, in the event that the original plan is not followed.

2. I have read and am familiar with both the Commission's Decision and Order finalized January 20, 2000 in the above-captioned matter (the "Order") and Aventis' Petition to Reopen and Modify filed with the Commission (the "Petition").

3. The information in this affidavit is based on my personal knowledge and on information conveyed to me by senior executives at Aventis.

4. I affirm that to the best of my knowledge and belief, all of the facts and statements contained in the Petition that pertain to the Company's Rhodia holdings are true.

5. Rhône-Poulenc S.A. ("RP") and Hoechst AG ("Hoechst") (collectively, the "Parties") combined their life sciences businesses into Aventis in December 1999.

6. In undertakings agreed to in Europe and the U.S. as one of the conditions for clearance to close the Aventis transaction, I understand that the Parties agreed that RP, and later Aventis, would reduce its holdings in Rhodia to 5 percent or less of Rhodia's issued and outstanding voting securities. As of October 1999 RP held approximately 67 percent of Rhodia's issued and outstanding voting securities.

7. To accomplish the required disposition of its Rhodia shares, RP launched a global public offering of approximately 42 percent of Rhodia's shares, as described in the Amendment to Form F-3 filed by Rhodia with the U.S. Securities and Exchange Commission on October 14, 1999 (the "Form F-3"). This offering was completed in October 1999.

8. To dispose of its remaining Rhodia shares without precipitating a fall in Rhodia's share price, RP launched a second offering in October 1999 of notes exchangeable over time for the remaining Rhodia shares held by RP, and later Aventis (the "Note Exchange Plan"). This offering is also described in the Form F-3.

9. Under the Note Exchange Plan holders of the notes have until October 22, 2003, the notes' maturity date, to exchange their notes for shares. To assure the availability of the Rhodia shares for exchange, RP placed its remaining Rhodia shares – representing 25 percent of Rhodia's issued and outstanding voting securities – into escrow, where they are to remain until they are transferred to a noteholder in an exchange or until the note exchange period expires. Any notes that have not been exchanged by October 22, 2003 are redeemable for cash, and any Rhodia shares remaining in escrow at that time are to be returned to the Company to be sold within six months – by April 22, 2004 – pursuant to the undertakings made by the Company to the EU and, later, to the FTC.

10. The Company has established a proxy system to govern the voting of its shares held in escrow (the "Proxy System"). Under an agreement approved by the EU, on the occasion of each general meeting of Rhodia's shareholders the Company is to send a signed blank proxy to Rhodia through BNP Paribas, a major French bank approved by the EU to supervise the Company's compliance. Under French law this proxy authorizes Rhodia's

board of directors to vote Aventis' shares in favor of all resolutions proposed or approved by the board, and against all others. These protections continue to be enforced and are regularly applied.

11. I understand that on December 7, 1999 the Parties and the Commission executed an agreement containing the Order. Like the undertakings to which the Parties agreed in Europe, the Order requires the Company, *inter alia*, to reduce its holdings in Rhodia to 5 percent or less of Rhodia's issued and outstanding voting securities by April 22, 2004, six months from the date of the end of the note exchange period.

12. Aventis currently holds approximately 45.2 million shares of Rhodia stock, or approximately 25 percent of Rhodia's issued and outstanding voting securities. These shares are held in the Company's name in escrow, pending either transfer to the holders of the exchangeable notes in the Note Exchange Plan, or expiration of the note exchange period.

13. Aventis believes that changed market conditions have rendered the Note Exchange Plan ineffective. The terms and conditions of the notes were structured such that an exchange would become attractive to the noteholders at a price of approximately EUR 23 per share. Although Rhodia's share price was EUR 18 at the time of the offer, shortly after the Order was entered the company's share price began a dramatic decline from which it has never recovered. Rhodia's share price today is about EUR 9, far below the point where noteholders can be expected to request an exchange.

14. Because there is no reason to expect significant improvement in Rhodia's share price in the near to medium term, Aventis believes that it is highly unlikely that the noteholders will convert their notes into Rhodia shares. This will force Aventis to unload as much as 25 percent of Rhodia's outstanding voting securities between October 2003 and April 2004.

15. Aventis believes that such a quick divestiture could cause a collapse in Rhodia's share price, which would in turn reduce the value of the holdings of Rhodia's other shareholders. Rhodia would face considerable difficulty obtaining financing on reasonable terms as a result of such a loss of market value, which would directly affect Rhodia's ability to compete.

16. Aventis remains committed to achieving the required disposition of its Rhodia holdings by April 22, 2004, without causing undue injury to Rhodia, its shareholders, and to the market in general. Aventis is therefore exploring alternative means of reducing its Rhodia holdings within the time frame required by the Order that do not carry the risk of market harm presented by the Note Exchange Plan. All of these alternatives will allow the Company to sell its remaining Rhodia holdings without changing the back-end date for the disposition established by the Order.

17. Before Aventis can seek alternative means of disposing of its remaining Rhodia shares, it must first regain ownership of the exchangeable notes. The Company therefore intends to launch a public tender offer as soon as practicable to buy back the notes for cash with a premium payable to the noteholders.

18. After Aventis has bought back the notes, it expects to divest its Rhodia shares by April 2004 as required

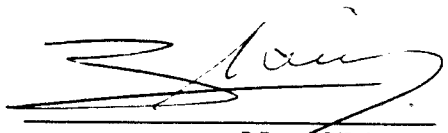
[REDACTED]

19. The Proxy System established in 1999 to govern the voting of the Company's Rhodia shares and to ensure the independent operation of Aventis and Rhodia will remain in place and will continue to be enforced by the EU regardless of the method used by the Company to dispose of its Rhodia shares. At no time will the Company be in a position to exercise any control over Rhodia, nor will it be able to exercise any voting rights other than under the Proxy System.

* * * * *

Pursuant to 28 U.S.C. §1746, I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on September 13, 2002



Marc Silsiguen