

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

In the Matter of )  
 )  
**AGRIUM, INC.,** )  
a corporation, )  
 )  
and )  
 )  
**UNION OIL COMPANY OF CALIFORNIA** )  
**AND UNOCAL CORPORATION,** )  
corporations. )

**Docket No.**

**COMPLAINT**

Pursuant to the provisions of the Federal Trade Commission Act and the Clayton Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission ("Commission") having reason to believe that Respondents Agrium Inc. ("Agrium"), and Union Oil Company of California and Unocal Corporation ("Unocal"), have entered into an agreement whereby Agrium would acquire certain assets owned by Unocal 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 ("FTC 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 pursuant to Section 11 of the Clayton Act, as amended, 15 U.S.C. § 21, and Section 5(b) of the FTC Act, as amended, 15 U.S.C. § 45(b), stating its charges as follows:

## **Agrium**

1. Agrium is a corporation organized, existing and doing business under and by virtue of the laws of the country of Canada, with its office and principal place of business located at 13131 Lake Fraser Drive SE, Calgary, Alberta, T2J7E8, Canada.

2. Agrium is a leading producer and marketer of fertilizer in North America and a major retail supplier of agricultural products and services in North America. In 1999, Agrium operated six nitrogen fertilizer plants and generated wholesale sales of nitrogen fertilizer of approximately \$500 million.

3. Agrium is acquiring Unocal's corporate assets through its wholly owned subsidiary RSI Acquisition, Inc., a California corporation with its principal place of business located at 4582 S. Ulster St., Suite 1400, Denver, Colorado 80237.

4. At all times relevant herein, Respondent Agrium has been and is now 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 affecting commerce as "commerce" is defined in Section 4 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 44.

## **Unocal**

5. Union Oil Company of California, a wholly owned subsidiary of Unocal Corporation, is a corporation organized, existing and doing business under and by virtue of the laws of the State of California, with its office and principal place of business located at 2141 Rosecrans Avenue, Suite 4000, El Segundo, California 90245.

6. Unocal 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 2141 Rosecrans Avenue, Suite 4000, El Segundo, California 90245.

7. Unocal manufactures, distributes, and sells nitrogen-based fertilizers. Unocal operates seven nitrogen fertilizer plants and three deepwater terminals within the states of Alaska, Washington, Oregon, and California.

8. Unocal operates its Agricultural Products Business, which includes its nitrogen fertilizer manufacturing and distribution facilities, through Prodicta, LLC, and Alaska Nitrogen Products, LLC, two wholly owned subsidiaries of Union Oil Company of California.

9. At all times relevant herein, Respondent Unocal has been and is now 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 affecting commerce as “commerce” is defined in Section 4 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 44.

### **The Proposed Merger and Acquisition**

10. Pursuant to a Purchase and Sale Agreement between RSI Acquisitions Inc. and Unocal, dated January 19, 2000 (hereinafter referred to as the “Agreement”), Unocal agreed to sell to Agrium its Agricultural Products Business for a purchase price of \$325 million plus an “Earn-Out” for six years based on the future relationship between certain commodity price indexes and certain forecasted prices for Kenai, Alaska, facilities (hereinafter referred to as the “Agrium Acquisition”).

### **Count One – UREA**

11. One relevant line of commerce is the production, distribution, and wholesale sale of the nitrogen-based fertilizer urea.

12. One relevant section of the country is the Northwest, which consists of the states of Washington, Oregon, and Idaho.

13. Respondent Agrium is one of the largest suppliers of urea in the Northwest.

14. Respondent Unocal is one of the largest suppliers of urea in the Northwest.

15. Respondents Agrium and Unocal are direct and substantial competitors in the business of producing, distributing, and selling urea in the relevant section of the country set out in Complaint Paragraph 12.

16. The business of producing, distributing and selling urea in the relevant section of the country set out in Complaint Paragraph 12 is highly concentrated. The Agrium Acquisition would significantly increase concentration in this relevant section of the country as evidenced by an increase in the Herfindahl-Hirschman Index (commonly referred to as “HHI”) of over 2200 to over 4800.

17. The effect of the proposed Agrium Acquisition, if consummated, may be substantially to lessen competition or to tend to create a monopoly in the production, distribution and sale of urea in the relevant section of the country set out in Complaint Paragraph 12, 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, in the following ways, among others:

a. the Agrium Acquisition would eliminate actual and potential competition between Agrium and Unocal to supply urea in this relevant section of the country; and

b. Agrium would be likely to exact anticompetitive price increases from buyers of urea in this relevant section of the country.

18. Entry would not be timely, likely, or sufficient to prevent anticompetitive effects in the relevant section of the country set out in Complaint Paragraph 12.

### **Count Two – UAN 32**

19. One relevant line of commerce is the production, distribution, and wholesale sale of the nitrogen-based fertilizer UAN 32% solution ("UAN 32").

20. One relevant section of the country is the Northwest, as defined in Complaint Paragraph 12.

21. Respondent Agrium is one of the largest suppliers of UAN 32 in the Northwest.

22. Respondent Unocal is one of the largest suppliers of UAN 32 in the Northwest.

23. Respondents Agrium and Unocal are direct and substantial competitors in the business of producing, distributing, and selling UAN 32 in the relevant section of the country set out in Complaint Paragraph 20.

24. The business of producing, distributing, and selling UAN 32 in the relevant section of the country set out in Complaint Paragraph 20 is highly concentrated. The Agrium Acquisition would significantly increase concentration in this relevant section of the country as evidenced by an increase in the HHI of over 1922 to over 4200.

25. The effect of the Agrium Acquisition, if consummated, may be substantially to lessen competition or to tend to create a monopoly in the production, distribution, and sale of UAN 32 in the relevant section of the country set out in Complaint Paragraph 20, 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, in the following ways, among others:

a. the Agrium Acquisition would eliminate actual and potential competition between Agrium and Unocal to supply UAN 32 in this relevant section of the country; and

b. Agrium would be likely to exact anticompetitive price increases from buyers of UAN 32 in this relevant section of the country.

26. Entry would not be timely, likely, or sufficient to prevent anticompetitive effects in the relevant section of the country set out in Complaint Paragraph 20.

### **Count Three – Ammonia**

27. One relevant line of commerce is the production, distribution, and wholesale sale of the nitrogen-based fertilizer anhydrous ammonia (“ammonia”).

28. One relevant section of the country is the Northwest, as defined in Complaint Paragraph 12.

29. Respondent Agrium is one of the largest suppliers of ammonia to the Northwest.

30. Respondent Unocal is one of the largest suppliers of ammonia to the Northwest.

31. Respondents Agrium and Unocal are direct and substantial competitors in the business of producing, distributing, and selling ammonia in the relevant section of the country set out in Complaint Paragraph 28.

32. The business of producing, distributing, and selling ammonia in the relevant section of the country set out in Complaint Paragraph 28 is highly concentrated. The Agrium Acquisition would significantly increase concentration in this relevant section of the country as evidenced by an increase in the HHI of over 1560 to over 3800.

33. The effect of the Agrium Acquisition, if consummated, may be substantially to lessen competition or to tend to create a monopoly in the production, distribution, and sale of ammonia in the relevant section of the country set out in Complaint Paragraph 28, 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, in the following ways, among others:

a. the Agrium Acquisition would eliminate actual and potential competition between Agrium and Unocal to supply ammonia in this relevant section of the country, and

b. Agrium would be likely to exact anticompetitive price increases from buyers of ammonia in this relevant section of the country.

34. Entry would not be timely, likely, or sufficient to prevent anticompetitive effects in the relevant section of the country set out in Complaint Paragraph 28.

### **Violations Charged**

35. The proposed acquisition described in Complaint Paragraph 10 herein, if consummated, would violate 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.

**WHEREFORE THE PREMISES CONSIDERED**, the Federal Trade Commission, on this \_\_\_\_\_ day of \_\_\_\_\_, 2000, issues its Complaint against said Respondents.

**By the Commission.**

Donald S. Clark  
Secretary

**SEAL:**