

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

In the Matter of)	
)	
)	
Valero, L.P.,)	
a limited partnership,)	
Valero Energy Corporation,)	Docket No. C-
a corporation;)	File No. 051 0022
)	
and)	
)	
Kaneb Services LLC,)	
a limited liability company,)	
Kaneb Pipe Line Partners, L.P.,)	
a limited partnership.)	

AGREEMENT CONTAINING CONSENT ORDERS

The Federal Trade Commission (“Commission”), having initiated an investigation of the proposed acquisition by Respondent Valero L.P. of Respondent Kaneb Services LLC and Respondent Kaneb Pipe Line Partners, L.P., and it now appearing that Valero L.P., Valero Energy Corporation, Kaneb Services LLC, and Kaneb Pipe Line Partners, L.P., hereinafter sometimes referred to as “Proposed Respondents,” are willing to enter into this Agreement Containing Consent Orders (“Consent Agreement”) to divest certain assets and providing for other relief:

IT IS HEREBY AGREED by and between Proposed Respondents, their duly authorized officers and attorneys, and counsel for the Commission that:

1. Respondent Valero Energy 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 One Valero Way, San Antonio, Texas 78249.
2. Respondent Valero, L.P., is a publicly-traded 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 One Valero Way, San Antonio, Texas 78249.
3. Respondent Kaneb Pipe Line Partners, L.P. is a publicly-traded 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 2435 North Central Expressway, Richardson, Texas 75080.

4. Respondent Kaneb Services LLC is a publicly-traded limited liability company, 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 2435 North Central Expressway, Richardson, Texas 75080.
5. Proposed Respondents admit all the jurisdictional facts set forth in the draft of Complaint here attached.
6. Proposed Respondents waive:
 - a. any further procedural steps;
 - b. the requirement that the Commission's Decision and Order and Order to Hold Separate and Maintain Assets, both of which are attached hereto and made a part hereof, contain a statement of findings of fact and conclusions of law;
 - c. all rights to seek judicial review or otherwise challenge or contest the validity of the Decision and Order or the Order to Hold Separate and Maintain Assets entered pursuant to this Consent Agreement; and
 - d. any claim under the Equal Access to Justice Act.
7. Because there may be interim competitive harm, the Commission may issue its Complaint and an Order to Hold Separate and Maintain Assets in this matter at any time after it accepts the Consent Agreement for public comment.
8. Each Proposed Respondent shall submit an initial report, pursuant to Section 2.33 of the Commission's Rules, 16 C.F.R. § 2.33, no later than thirty (30) days after that Proposed Respondent executes the Agreement containing Consent Orders. Each such report shall be signed by the respective Proposed Respondent and shall set forth in detail the manner in which the Proposed Respondent has to date complied or has prepared to comply, is complying, and will comply with the Order to Hold Separate and Maintain Assets and the Decision and Order. Such reports will not become part of the public record unless and until the Consent Agreement and Decision and Order are accepted by the Commission for public comment.
9. This Consent Agreement shall not become part of the public record of the proceeding unless and until it is accepted by the Commission. If this Consent Agreement is accepted by the Commission, it, together with the draft of Complaint contemplated thereby, will be placed on the public record for a period of thirty (30) days and information in respect thereto publicly released. The Commission thereafter may either withdraw its acceptance of this Consent Agreement and so notify Proposed Respondents, in which event it will take such action as it may consider appropriate, or issue or amend its Complaint (in such

form as the circumstances may require) and issue its Decision and Order, in disposition of the proceeding.

10. This Consent Agreement is for settlement purposes only and does not constitute an admission by Proposed Respondents that the law has been violated as alleged in the draft of Complaint here attached, or that the facts as alleged in the draft of Complaint, other than jurisdictional facts, are true.
11. This Consent Agreement contemplates that, if it is accepted by the Commission, the Commission may (1) issue and serve its Complaint corresponding in form and substance with the draft of Complaint here attached, (2) issue and serve its Order to Hold Separate and Maintain Assets, and (3) make information public with respect thereto. If such acceptance is not subsequently withdrawn by the Commission pursuant to the provisions of Commission Rule 2.34, 16 C.F.R. § 2.34, the Commission may, without further notice to the Proposed Respondents, issue the attached Decision and Order containing an order to divest and providing for other relief in disposition of the proceeding.
12. When final, the Decision and Order and the Order to Hold Separate and Maintain Assets shall have the same force and effect and may be altered, modified or set aside in the same manner and within the same time provided by statute for other orders. The Decision and Order and the Order to Hold Separate and Maintain Assets shall become final upon service. Delivery of the Complaint, the Decision and Order, and the Order to Hold Separate and Maintain Assets to Proposed Respondents by any means provided in Commission Rule 4.4(a), 16 C.F.R. § 4.4(a), shall constitute service. Proposed Respondents waive any right they may have to any other manner of service. Proposed Respondents also waive any right they may otherwise have to service of any Appendices incorporated by reference into the Decision and Order or the Order to Hold Separate and Maintain Assets and that are in the possession of Proposed Respondents, and agree that they are bound to comply with and will comply with the Decision and Order and the Order to Hold Separate and Maintain Assets to the same extent as if they had been served with copies of the Appendices.
13. The Complaint may be used in construing the terms of the Decision and Order and the Order to Hold Separate and Maintain Assets, and no agreement, understanding, representation, or interpretation not contained in the Decision and Order, the Order to Hold Separate and Maintain Assets, or the Consent Agreement may be used to vary or contradict the terms of the Decision and Order or the Order to Hold Separate and Maintain Assets.
14. By signing this Consent Agreement, Proposed Respondents represent and warrant that they can accomplish the full relief contemplated by the attached Decision and Order and the Order to Hold Separate and Maintain Assets and that all parents, subsidiaries, affiliates, and successors necessary to effectuate the full relief contemplated by this

Consent Agreement are parties to this Consent Agreement and are bound thereby as if they had signed this Consent Agreement and were made parties to this proceeding and to the Decision and Order and Order to Hold Separate and Maintain Assets.

15. Proposed Respondents have read the draft of the Complaint, the Decision and Order, and the Order to Hold Separate and Maintain Assets contemplated hereby. Proposed Respondents understand that once the Decision and Order and the Order to Hold Separate and Maintain Assets have been issued, they will be required to file one or more compliance reports showing that they have fully complied with the Decision and Order and the Order to Hold Separate and Maintain Assets. Proposed Respondents agree to comply with the terms of the proposed Decision and Order and the Order to Hold Separate and Maintain Assets from the date they sign this Consent Agreement. Proposed Respondents further understand that they may be liable for civil penalties in the amount provided by law for each violation of the Decision and Order and of the Order to Hold Separate and Maintain Assets after they become final.

**VALERO, L.P. (by its General Partner,
Riverwalk Logistics, L.P., by its General
Partner, Valero GP, LLC)**

Curtis V. Anastasio
President and Chief Executive Officer
Dated: _____

VALERO ENERGY CORPORATION

William E. Greehey
Chairman of the Board and Chief Executive
Officer
Dated: _____

Ilene Knable Gotts
Wachtell, Lipton, Rosen & Katz
Counsel for Valero, L.P.
Counsel for Valero Energy Corporation
Dated: _____

KANEB SERVICES, LLC

John R. Barnes
Chairman and Chief Executive Officer
Dated: _____

KANEB PIPE LINE PARTNERS, L.P.

E.D. Doherty
Chairman and Chief Executive Officer
Dated: _____

Daniel L. Wellington
Fulbright & Jaworski LLP
Counsel for Kaneb Services, LLC
Counsel for Kaneb Pipe Line Partners LP
Dated: _____

FEDERAL TRADE COMMISSION

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Dated: _____

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Bureau of Competition
Dated: _____