

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

**COMMISSIONERS:**      **Deborah Platt Majoras, Chairman**  
                                 **Thomas B. Leary**  
                                 **Pamela Jones Harbour**  
                                 **Jon Leibowitz**

---

**In the Matter of**

**Valero L.P.,**  
                 **a limited partnership;**  
**Valero Energy Corporation,**  
                 **a corporation;**

**and**

**Kaneb Services LLC,**  
                 **a limited liability company;**  
**Kaneb Pipe Line Partners, L.P.,**  
                 **a limited partnership.**

---

**Docket No. C-4141**

**DECISION AND ORDER**

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 Respondents having been furnished thereafter with a copy of a draft of Complaint that the Bureau of Competition proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge Respondents with violations 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

Respondents, their attorneys, and counsel for the Commission having thereafter executed an Agreement Containing Consent Orders (“Consent Agreement”), containing an admission by Respondents of all the jurisdictional facts set forth in the aforesaid draft of Complaint, a statement that the signing of said Consent Agreement is for settlement purposes only and does not constitute an admission by Respondents that the law has been violated as alleged in such Complaint, or that the facts as alleged in such Complaint, other than jurisdictional facts, are true, and waivers and other provisions as required by the Commission’s Rules; and

The Commission, having thereafter considered the matter and having determined that it had reason to believe that Respondents have violated the said Acts, and that a Complaint should issue stating its charges in that respect, and having thereupon issued its Complaint and an Order to Hold Separate and Maintain Assets (“Hold Separate”) and having accepted the executed Consent Agreement and placed such Consent Agreement on the public record for a period of thirty (30) days for the receipt and consideration of public comments, now in further conformity with the procedure described in Commission Rule 2.34, 16 C.F.R. § 2.34, the Commission hereby makes the following jurisdictional findings and issues the following Decision and Order (“Order”):

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. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of Respondents, and the proceeding is in the public interest.

## **ORDER**

### **I.**

**IT IS ORDERED** that, as used in this Order, the following definitions shall apply:

- A. “Valero” means Valero L.P., its general partners, directors, officers, employees, agents, representatives, predecessors, successors, and assigns; its joint ventures, subsidiaries, divisions, groups and affiliates controlled by Valero, and the respective directors, officers, employees, agents, representatives, predecessors,

successors, and assigns of each. Valero includes Riverwalk Logistics, L.P., and Valero G.P., LLC. Valero does not include VEC.

- B. “VEC” means Valero Energy Corporation, its directors, officers, employees, agents, representatives, predecessors, successors, and assigns; its joint ventures, subsidiaries, divisions, groups and affiliates controlled by VEC, and the respective directors, officers, employees, agents, representatives, predecessors, successors, and assigns of each. VEC does not include Riverwalk Logistics, L.P., Valero GP, LLC, or Valero.
- C. “KPP” means Kaneb Pipe Line Partners, LP, its general partners, directors, officers, employees, agents, representatives, predecessors, successors, and assigns; its joint ventures, subsidiaries, divisions, groups and affiliates controlled by KPP, and the respective directors, officers, employees, agents, representatives, predecessors, successors, and assigns of each.
- D. “KSL” means Kaneb Services LLC, its directors, officers, employees, agents, representatives, predecessors, successors, and assigns; its joint ventures, subsidiaries, divisions, groups and affiliates controlled by KSL; and the respective partners, directors, officers, employees, agents, representatives, successors, and assigns of each.
- E. “Acquirer” means a Person that receives the prior approval of the Commission to acquire assets to be divested pursuant to Paragraphs II., III., IV., or V. of this Order.
- F. “Alternative San Francisco Bay Terminals” means the San Francisco Bay Terminals and the Selby Terminal.
- G. “Commission” means the Federal Trade Commission.
- H. “Kaneb” means Kaneb Services LLC and Kaneb Pipe Line Partners, L.P., collectively and individually.
- I. “Merger” means the merger of Valero and Kaneb pursuant to: (1) the Agreement and Plan of Merger, dated as of October 31, 2004, by and among Valero L.P.; Riverwalk Logistics, L.P.; Valero GP LLC; VLI Sub A LLC; and Kaneb Services LLC; and (2) the Agreement and Plan of Merger, dated as of October 31, 2004, by and among Valero L.P.; Riverwalk Logistics, L.P.; Valero GP LLC; VLI Sub B LLC; Kaneb Pipe Line Partners, L.P.; and Kaneb Pipe Line Company LLC.
- J. “Non-Public Customer Information” means any information that is not in the public domain relating to the shipment (including but not limited to volume

information, timing of shipments, and end-customer identification), receipt, scheduling, rates, or inventory of products by customers of the Retained San Francisco Bay Terminals.

- K. “Person” means any individual, partnership, firm, trust, association, corporation, joint venture, unincorporated organization, or other business or governmental entity.
- L. “Philadelphia Area Terminals” means Kaneb’s one Paulsboro, New Jersey, and two Philadelphia, Pennsylvania, refined petroleum product storage and distribution terminals and all assets relating to each of the terminals, including but not limited to:
1. all of Kaneb’s rights, title, and interest in and to all tangible assets that are located at, or used in connection with Terminaling at, the terminals, including but not limited to:
    - a. real estate, including existing rights or way and easements;
    - b. storage tanks;
    - c. local connector pipelines;
    - d. loading and unloading racks, equipment and facilities;
    - e. inventory, equipment, pumps, compressors, machinery, fixtures, tools, and spare parts;
    - f. all books, records, and files relating to the terminals;
    - g. offices, buildings, and warehouses; and
    - h. all other tangible assets;
  2. an exclusive right to all intellectual property used solely in the operation of the terminals, and a non-exclusive license to all other intellectual property necessary for the operation of the terminals;
  3. all governmental licenses and permits used in the operation of the terminals;
  4. all storage, throughput, and Terminaling contracts, and all other contracts, agreements or understandings relating to the terminals or their operation; and
  5. all other intangible assets.
- M. “Respondents” means:
1. before the Merger, Valero, VEC, KSL, and KPP, individually and collectively, and
  2. after the Merger, Valero, VEC, and the entity surviving after the Merger.
- N. “Retained San Francisco Bay Terminals” means:

1. If the San Francisco Bay Terminals are divested pursuant to Paragraph IV.A. of the Order, the terminals located at Stockton and Selby, California, which at the time of the Merger were owned by Kaneb; but
  2. If the Alternative San Francisco Bay Terminals are divested pursuant to Paragraph V.C.3. of this Order, the terminal located at Stockton, California, which at the time of the Merger was owned by Kaneb.
- O. “San Francisco Bay Terminals” means Kaneb’s Martinez and Richmond, California, refined petroleum product storage and distribution terminals and all assets relating to the two terminals, including but not limited to:
1. all of Kaneb’s rights, title, and interest in and to all tangible assets that are located at, or used in connection with Terminaling at, the two terminals, including but not limited to:
    - a. real estate, including existing rights or way and easements;
    - b. storage tanks;
    - c. local connector pipelines;
    - d. loading and unloading racks, equipment and facilities;
    - e. inventory, equipment, pumps, compressors, machinery, fixtures, tools, and spare parts;
    - f. all books, records, and files relating to the two terminals;
    - g. offices, buildings, and warehouses; and
    - h. all other tangible assets;
  2. an exclusive right to all intellectual property used solely in the operation of the terminals, and a non-exclusive license to all other intellectual property necessary for the operation of the terminals;
  3. all governmental licenses and permits used in the operation of the terminals;
  4. all storage, throughput, and Terminaling contracts, and all other contracts, agreements or understandings relating to the terminals or their operation; and
  5. all other intangible assets.
- P. “Selby Terminal” means the Kaneb terminal located at 90 San Pablo Avenue, Crockett, California 94525.
- Q. “Terminaling” means the services performed by a facility that provides temporary storage of refined petroleum products received via pipeline, marine vessel, tank trucks, rail, or transport trailers, and the re-delivery of refined petroleum products from storage tanks into tank trucks, rail cars, transport trailers, or pipelines.
- R. “West Pipeline System” means Kaneb’s West Pipeline System of approximately 550 miles of refined petroleum products pipelines, originating near Casper, Wyoming, and terminating in Rapid City, South Dakota, and Colorado Springs,

Colorado; four refined petroleum products terminals; and numerous pump stations; and all assets relating to Kaneb's West Pipeline System, including but not limited to:

1. all of Kaneb's rights, title, and interest in and to all tangible assets relating to Kaneb's West Pipeline System, including but not limited to all of Kaneb's rights, title, and interest in and to all tangible assets that are located at, or used in connection with Terminaling at, all terminals owned by Kaneb located anywhere on the West Pipeline System (including the Kaneb terminals in Rapid City, South Dakota; Cheyenne, Wyoming; Dupont, Colorado; and Fountain, Colorado), including but not limited to:
  - a. real estate, including existing rights or way and easements;
  - b. storage tanks;
  - c. local connector pipelines;
  - d. loading and unloading racks, equipment and facilities;
  - e. inventory, equipment, pumps, compressors, machinery, fixtures, tools, and spare parts;
  - f. all books, records, and files relating to the West Pipeline System or the terminals;
  - g. offices, buildings, and warehouses; and
  - h. all other tangible assets relating to the West Pipeline System;
2. an exclusive right to all intellectual property used solely in the operation of the West Pipeline System and the terminals located on that system, and a non-exclusive license to all other intellectual property necessary for the operation of the West Pipeline System and the terminals located on that system;
3. all governmental licenses and permits used in the operation of the West Pipeline System and the terminals located on that system;
4. all storage, throughput, and Terminaling contracts, and all other contracts, agreements or understandings relating to the West Pipeline System or the terminals located on that system or their operation; and
5. all other intangible assets relating to the West Pipeline System and the terminals located on that system.

## II.

**IT IS FURTHER ORDERED** that:

- A. Respondents shall divest the West Pipeline System absolutely and in good faith, at no minimum price, within six (6) months after the date on which the Merger is effectuated.

- B. Respondents shall divest the West Pipeline System only to a single Acquirer that receives the prior approval of the Commission and only in a manner that receives the prior approval of the Commission.
- C. In the event that Respondents are unable to satisfy all conditions necessary to divest any intangible asset, Respondents shall: (1) with respect to permits, licenses or other rights granted by governmental authorities (other than patents), provide such assistance as the Acquirer may reasonably request in the Acquirer's efforts to obtain comparable permits, licenses or rights, and (2) with respect to other intangible assets (including patents and contractual rights), substitute equivalent assets or arrangements, subject to the prior approval of the Commission. A substituted asset or arrangement will not be deemed to be equivalent unless it enables the pipeline or terminal to perform the same function at the same or less cost.
- D. The purpose of this Paragraph II. is to ensure the continued use of the West Pipeline System in the same business in which it was engaged at the time of the announcement of the proposed Merger and to remedy the lessening of competition in the pipeline transportation and Terminaling of light petroleum products resulting from the proposed Merger, as alleged in the Commission's Complaint.

### **III.**

**IT IS FURTHER ORDERED** that:

- A. Respondents shall divest the Philadelphia Area Terminals absolutely and in good faith, at no minimum price, within six (6) months after the date on which the Merger is effectuated.
- B. Respondents shall divest the Philadelphia Area Terminals only to a single Acquirer that receives the prior approval of the Commission and only in a manner that receives the prior approval of the Commission.
- C. In the event that Respondents are unable to satisfy all conditions necessary to divest any intangible asset, Respondents shall: (1) with respect to permits, licenses or other rights granted by governmental authorities (other than patents), provide such assistance as the Acquirer may reasonably request in the Acquirer's efforts to obtain comparable permits, licenses or rights, and (2) with respect to other intangible assets (including patents and contractual rights), substitute equivalent assets or arrangements, subject to the prior approval of the Commission. A substituted asset or arrangement will not be deemed to be equivalent unless it

enables the pipeline or terminal to perform the same function at the same or less cost.

- D. The purpose of this Paragraph III. is to ensure the continued use of the Philadelphia Area Terminals in the same business in which they were engaged at the time of the announcement of the proposed Merger and to remedy the lessening of competition in the Terminaling of light petroleum products resulting from the proposed Merger, as alleged in the Commission's Complaint.

#### IV.

**IT IS FURTHER ORDERED** that:

- A. Respondents shall divest the San Francisco Bay Terminals absolutely and in good faith, at no minimum price, within six (6) months after the date on which the Merger is effectuated.
- B. Respondents shall divest the San Francisco Bay Terminals only to a single Acquirer that receives the prior approval of the Commission and only in a manner that receives the prior approval of the Commission.
- C. In the event that Respondents are unable to satisfy all conditions necessary to divest any intangible asset, Respondents shall: (1) with respect to permits, licenses or other rights granted by governmental authorities (other than patents), provide such assistance as the Acquirer may reasonably request in the Acquirer's efforts to obtain comparable permits, licenses or rights, and (2) with respect to other intangible assets (including patents and contractual rights), substitute equivalent assets or arrangements, subject to the prior approval of the Commission. A substituted asset or arrangement will not be deemed to be equivalent unless it enables the pipeline or terminal to perform the same function at the same or less cost.
- D. The purpose of this Paragraph IV. is to ensure the continued use of the San Francisco Bay Terminals in the same business in which they were engaged at the time of the announcement of the proposed Merger and to remedy the lessening of competition in the Terminaling of refining components, blending components, and light petroleum products resulting from the proposed Merger, as alleged in the Commission's Complaint.

## V.

### **IT IS FURTHER ORDERED** that:

- A. If Respondents have not divested the West Pipeline System, the Philadelphia Area Terminals, or the San Francisco Bay Terminals, absolutely and in good faith, as required by Paragraphs II., III., or IV., respectively, of this Order, the Commission may appoint a trustee to divest the applicable assets as described in Paragraph V.C. below, in a manner that satisfies the requirements of Paragraphs II., III., or IV., of this Order, whichever is applicable.
- B. In the event that the Commission or the U.S. Attorney General brings an action pursuant to § 5(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 the respective assets in accordance with the terms of this Order. Neither the appointment of a trustee nor a decision not to appoint a trustee under this Paragraph shall preclude the Commission or the U.S. Attorney General from seeking civil penalties or any other relief available to it, including a court-appointed trustee, pursuant to § 5(l) of the Federal Trade Commission Act, or any other statute enforced by the Commission, for any failure by Respondents to comply with this Order.
- C. If Respondents have not satisfied the requirements of
  1. Paragraphs II.A and II.B. of this Order, the Commission may appoint a trustee to divest the West Pipeline System;
  2. Paragraphs III.A. and III.B. of this Order, the Commission may appoint a trustee to divest the Philadelphia Area Terminals
  3. Paragraphs IV.A. and IV.B. of this Order, the Commission may appoint a trustee to divest the San Francisco Bay Terminals or the Alternative San Francisco Bay Terminals.
- D. The Commission shall select the trustee, subject to the consent of Valero, which consent shall not be unreasonably withheld. The trustee shall be a person with experience and expertise in acquisitions and divestitures. If Valero has not opposed, in writing, including the reasons for opposing, the selection of any proposed trustee within ten (10) days after notice by the staff of the Commission to Valero of the identity of any proposed trustee, Valero shall be deemed to have consented to the selection of the proposed trustee.
- E. Within ten (10) days after appointment of a trustee, Valero shall execute a trust agreement that, subject to the prior approval of the Commission, transfers to the trustee all rights and powers necessary to permit the trustee to effect the divestiture required by this Order.

- F. If a trustee is appointed by the Commission or a court pursuant to this Order, Respondents shall consent to the following terms and conditions regarding the trustee's powers, duties, authority, and responsibilities:
1. Subject to the prior approval of the Commission, the trustee shall have the exclusive power and authority to divest assets as required by this Order.
  2. The trustee shall have twelve (12) months from the date the Commission approves the trust agreement described herein to accomplish the required divestiture, which shall be subject to the prior approval of the Commission. If, however, at the end of the twelve (12) month period, the trustee has submitted a divestiture plan or believes that the divestiture can be achieved within a reasonable time, the divestiture period may be extended by the Commission; *provided, however*, the Commission may extend the divestiture period for no more than two (2) additional periods of twelve (12) months each.
  3. The trustee shall have full and complete access to the personnel, books, records, and facilities related to the assets to be divested and to any other relevant information, as the trustee may request. Respondents shall develop such financial or other information as the trustee may request and shall cooperate with the trustee. Respondents shall take no action to interfere with or impede the trustee's accomplishment of the divestiture. Respondents shall cooperate with the efforts of the trustee to divest the required assets. Any delays in divestiture caused by Respondents shall extend the time for divestiture under this Paragraph V. in an amount equal to the delay, as determined by the Commission.
  4. The trustee shall use commercially reasonable best efforts to negotiate the most favorable price and terms available in each contract that is submitted to the Commission, subject to Respondents absolute and unconditional obligation to divest expeditiously and at no minimum price. The divestiture shall be made only in a manner that receives the prior approval of the Commission and only to an Acquirer that receives the prior approval of the Commission; *provided, however*, if the trustee receives bona fide offers from more than one acquiring entity, and if the Commission determines to approve more than one such acquiring entity, the trustee shall divest to the acquiring entity selected by Valero from among those approved by the Commission; *provided further, however*, that Valero shall select such entity within five (5) days of receiving notification of the Commission's approval.

5. The trustee shall serve, without bond or other security, at the cost and expense of Valero, on such reasonable and customary terms and conditions as the Commission may set. The trustee shall have the authority to employ, at the cost and expense of Valero, such consultants, accountants, attorneys, investment bankers, business brokers, appraisers, and other representatives and assistants as are necessary to carry out the trustee's duties and responsibilities. The trustee shall account for all monies derived from the divestiture and all expenses incurred. After approval by the Commission, of the account of the trustee, including fees for the trustee's services, all remaining monies shall be paid at the direction of Valero, and the trustee's power shall be terminated. The compensation of the trustee shall be based at least in significant part on a commission arrangement contingent on the divestiture of assets as required by this Order.
  6. Valero shall indemnify the trustee and hold the trustee harmless against any losses, claims, damages, liabilities, or expenses arising out of, or in connection with, the performance of the trustee's duties, including all reasonable fees of counsel and other expenses incurred in connection with the preparation for, or defense of, any claim, whether or not resulting in any liability, except to the extent that such losses, claims, damages, liabilities, or expenses result from misfeasance, gross negligence, willful or wanton acts, or bad faith by the trustee.
  7. The trustee shall have no obligation or authority to operate or maintain the assets required to be divested pursuant to this paragraph.
  8. The trustee shall act in a fiduciary capacity for the benefit of the Commission.
  9. The trustee shall report in writing to the Commission every sixty (60) days concerning the trustee's efforts to accomplish the divestiture.
  10. Valero may require the trustee and each of the trustee's consultants, accountants, attorneys, and other representatives and assistants to sign a customary confidentiality agreement; *provided, however*, such agreement shall not restrict the trustee from providing any information to the Commission.
- G. If the Commission determines that a trustee has ceased to act or failed to act diligently, the Commission may appoint a substitute trustee in the same manner as provided in this Paragraph V.

- H. The Commission may on its own initiative or at the request of the trustee issue such additional orders or directions as may be necessary or appropriate to accomplish the divestiture required by this Order.

## VI.

### **IT IS FURTHER ORDERED** that:

- A. Valero shall not, directly or indirectly, provide, disclose, or otherwise make available any Non-Public Customer Information to VEC; *provided, however*, that Valero may provide Non-Public Customer Information only to VEC personnel whose responsibilities do not involve refining, supply, or marketing operations in the State of California and only for the purposes listed below:
1. to ensure compliance with legal and regulatory requirements; to perform required auditing functions; to provide accounting, information technology and credit-underwriting services, to provide legal services associated with actual or potential litigation and transactions; and to monitor and ensure compliance with governmental environmental, health, and safety requirements; or
  2. for inclusion within the periodic financial reports that Valero may provide VEC but only to the extent that any Non-Public Customer Information is aggregated so that data as to individual customers are not disclosed.
- B. VEC shall not use any Non-Public Customer Information obtained from Valero except for the purposes listed in VI.A.2., above.
- C. Respondents shall operate the Retained San Francisco Bay Terminals in a reasonable and non-discriminatory manner and shall ensure that all customers and prospective customers of commingled Terminaling of ethanol at the Retained San Francisco Bay Terminals have access to commingled Terminaling of ethanol on terms and conditions consistent with past practices, but in no event on terms and conditions less advantageous than those given VEC for like services under like circumstances. The terms and conditions Respondent will maintain include, but are not limited to:
1. Respondents shall provide access to the Retained San Francisco Bay Terminals to offload into or withdraw from the commingled tanks ethanol on a first-come-first-serve nondiscriminatory basis, subject, where applicable, to (1) standard notice of readiness and scheduling procedures

- for all products, and (2) preference for shipments of the U.S. Department of Defense.
2. Respondent shall continue the current procedure of permitting a customer to withdraw from the commingled tanks the ethanol inventory of another customer, upon written approval of both affected customers.
- D. Respondents shall take steps to ensure that all of their employees comply with the requirements of subparagraphs VI.A., B. and C., above, including establishing and disseminating applicable policies and procedures to all employees no later than 30 (thirty) days after the Order becomes final.
- E. Valero shall provide written notification to the staff of the Commission at least 30 (thirty) days prior to leasing to VEC the use, on an exclusive basis, of any of the tanks (or any portion thereof) at the Retained San Francisco Bay Terminals that, as of the date Respondents executed the Consent Agreement, was designated for commingled storage of ethanol; *provided, however*, that such notice is not required for tanks leased to VEC at the Selby Terminal so long as at least four hundred thousand (400,000) shell barrels of tankage remains designated for commingled storage of ethanol at the Selby Terminal.
- F. The purpose of this Paragraph VI. is to ensure continued access to the Retained San Francisco Bay Terminals for customers at least at the same level of access that they had at the time of the announcement of the proposed Merger and to remedy the lessening of competition in the Terminaling of bulk ethanol resulting from the proposed Merger, as alleged in the Commission's Complaint.

## VII.

**IT IS FURTHER ORDERED** that:

- A. For a period commencing on the date this Order becomes final and continuing for ten (10) years, Respondents shall not, without prior written notification to the Commission, acquire, directly or indirectly, the Philadelphia Area Terminals or any portion thereof.
- B. The prior notification required by the Paragraph VII.A. shall be given on the Notification and Report Form set forth in the Appendix to Part 803 of Title 16 of the Code of Federal Regulations as amended (hereinafter referred to as the "Notification"), and shall be prepared and transmitted in accordance with the requirements of that part, except that no filing fee will be required for any such Notification, Notification shall be filed with the Secretary of the Commission, Notification need not be made to the United States Department of Justice, and Notification is required only of Respondents and not of any other party to the

transaction. Respondents shall provide the Notification to the Secretary of the Commission at least thirty (30) days prior to consummating any such transaction (hereinafter referred to as the “first waiting period”). If, within the first waiting period, representatives of the Commission make a written request for additional information or documentary material (within the meaning of 16 C.F.R. § 803.20), Respondents shall not consummate the transaction until thirty (30) days after submitting such additional information or documentary material. Early termination of the waiting periods in this Paragraph may be requested and, where appropriate, granted by letter from the Commission’s Bureau of Competition; *provided, however,* that prior notification shall not be required by this Paragraph for a transaction for which notification is required to be made, and has been made, pursuant to Section 7A of the Clayton Act, 15 U.S.C. § 18a.

### VIII.

**IT IS FURTHER ORDERED** that:

- A. Within thirty (30) days after the initial report is required to be filed pursuant to the Consent Agreement in this matter, and every sixty (60) days thereafter until Respondents have fully complied with Paragraphs II., III., IV., or V. of this Order, Respondents shall submit to the Commission a verified written report setting forth in detail the manner and form in which they intend to comply, are complying, and have complied with this Order; *provided, however,* that Respondents may consolidate all required information into one report and submit one consolidated report on behalf of all Respondents. Respondents shall include in the reports, among other things that are required from time to time, a full description of the efforts being made to comply with the relevant Paragraphs of the Order, including a description of all substantive contacts or negotiations related to the divestiture of the relevant assets and the identity of all parties contacted. Respondents shall include in the reports copies of all written communications to and from such parties, all internal memoranda, and all reports and recommendations concerning its obligations under this Order.
- B. One (1) year from the date this Order becomes final, annually for the next nine (9) years on the anniversary of the date this Order becomes final, and at other times as the Commission may require, Respondents shall file a verified written report with the Commission setting forth in detail the manner and form in which they have complied and are complying with this Order.

## IX.

**IT IS FURTHER ORDERED** that each Respondent shall notify the Commission at least thirty (30) days prior to (1) any proposed dissolution of that Respondent, (2) any proposed acquisition, merger or consolidation of that Respondent, or (3) any other change in that Respondent that may affect compliance obligations arising out of this Order, including but not limited to assignment, the creation or dissolution of subsidiaries, or any other change in that Respondent.

## X.

**IT IS FURTHER ORDERED** that, for the purpose of determining or securing compliance with this Order, and subject to any legally recognized privilege, and upon written request with reasonable notice to any Respondent, Respondents shall permit any duly authorized representative of the Commission:

- A. Access, during office hours of that Respondent and in the presence of counsel, to all facilities and access to inspect and copy all books, ledgers, accounts, correspondence, memoranda, and all other records and documents in the possession or under the control of that Respondent related to compliance with this Order; and
- B. Upon five (5) days' notice to that Respondent and without restraint or interference from that Respondent, to interview officers, directors, or employees of that Respondent, who may have counsel present, regarding such matters.

## XI.

**IT IS FURTHER ORDERED** that if: (1) within the time period required for divestiture pursuant to Paragraphs II., III., or IV., of this Order, Respondents have submitted a complete application in support of the applicable divestiture (including the acquirer, manner of divestiture, and all other matters subject to Commission approval) as required by such paragraphs; and (2) the Commission has approved the applicable divestiture and has not withdrawn its acceptance; but (3) Respondents have certified to the Commission prior to the expiration of the applicable time period that (a) notwithstanding timely and complete application for approval by Respondents to the State of California under an applicable consent decree to which the State of California and Respondents are parties, the State of California has failed to approve the divestiture that is also required under this Order, or (b) the State of California has filed a timely motion in court seeking to enjoin the proposed divestiture or other relief under an applicable consent decree to which the State of California and Respondents are parties, then, (4) with respect to the particular divestiture that remains unconsummated, the time in which the divestiture is required under this Order to be

complete shall be extended (a) for ninety (90) days or (b) until the disposition of the motion filed by the State of California pertaining to the proposed divestiture, whichever is later. During such period of extension, Respondents shall exercise utmost good faith and best efforts to resolve the concerns of the State of California.

**XII.**

**IT IS FURTHER ORDERED** that this Order shall terminate on July 22, 2015.

By the Commission, Chairman Majoras recused.

Donald S. Clark  
Secretary

SEAL  
ISSUED: July 22, 2005