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

COMMISSIONERS: Timothy J. Muris, Chairman
Sheila F. Anthony
Mozelle W. Thompson
Orson Swindle
Thomas B. Leary

In the Matter of

SHELL OIL COMPANY,

had reason to believe that the 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 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 this Order to Hold Separate and Maintain Assets (“Hold Separate Order”).

1. Respondent Shell Oil Company 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 Shell Plaza, Houston, Texas 77002.

2. Respondent Pennzoil-Quaker State Company 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 Pennzoil Place, Houston, Texas 77252.

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

I

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

- A. “Atlas” means Atlas Processing Company, its officers, directors, employees, agents and representatives, predecessors, successors, and assigns; its joint ventures, (including, but not limited to, the Pennzoil Excel Paralubes Interest), subsidiaries, divisions, groups and affiliates controlled by Atlas; and the respective officers, directors, employees, agents, representatives, successors, and assigns of each.
- B. “Pennzoil” means Pennzoil-Quaker State Company, its officers, directors, employees, agents and representatives, predecessors, successors, and assigns; its joint ventures, subsidiaries (including, but not limited to, Atlas), divisions, groups and affiliates controlled by Pennzoil; and the respective officers, directors, employees, agents, representatives, successors, and assigns of each.
- C. “Royal Dutch Petroleum” means the Royal Dutch Petroleum Company, its officers, directors, employees, agents and representatives, successors, and assigns; its joint ventures, subsidiaries, divisions, groups and affiliates controlled by Royal Dutch Petroleum; and the respective officers, directors, employees,

agents, representatives, successors, and assigns of each.

- D. “Shell” means Shell Oil Company, its officers, directors, employees, agents and representatives, predecessors, successors, and assigns; its parents (including, but not limited to, Royal Dutch Petroleum Company), joint ventures, subsidiaries, divisions, groups and affiliates controlled by Shell (including, but not limited to, Shell ND Company); and the respective officers, directors, employees, agents, representatives, successors, and assigns of each.
- E. “Respondents” means Shell and Pennzoil, individually and collectively, and the Person resulting from the Merger.
- F.

Hold Separate Order becomes final and terminate pursuant to Paragraph V. hereof.

- N. "Joint Venture Interest Employees" means all personnel of Respondents whose primary responsibilities relate to the Held Separate Joint Venture Interest, including but not limited to those Persons listed in Confidential Appendix B, and all Persons who may be hired for the Held Separate Joint Venture Interest.
- O. "Material Confidential Information" means competitively sensitive or proprietary information not independently known to a Person from sources other than the Person to which the information pertains, and includes, but is not limited to, all customer lists, price lists, marketing methods, patents, technologies, processes, or other trade secrets. The Held Separate Joint Venture Interest shall be considered a Person separate from Respondents (as defined in this Hold Separate Order and the Decision and Order) for this purpose.
- P. "Merger" means the acquisition of Pennzoil by Shell through the proposed merger of Shell ND Company and Pennzoil as described in the Agreement and Plan of Merger dated as of March 25, 2002, by and among Shell Oil Company, Shell ND Company, and Pennzoil-Quaker State Company
- Q. "Pennzoil Excel Paralubes Interest" means all of Pennzoil's and Atlas's interests in Excel Paralubes, including their partnership interest and all assets, rights, and agreements related thereto, including, but not limited to:
1. All of Pennzoil's and Atlas's rights under all contracts and agreements between Pennzoil or Atlas and Excel Paralubes, including, but not limited to the May 12, 1995, "Lubricating Base Oil Sale and Purchase Agreement between Excel Paralubes and Atlas Processing Company," and amendments thereto;
 2. All of Pennzoil's and Atlas's rights under all contracts and agreements between Pennzoil or Atlas and Conoco relating to Excel Paralubes; and
 3. All Existing Customer Supply Agreements.
- R. "Person" means any individual, partnership, firm, trust, association, corporation, joint venture, unincorporated organization, or other business or governmental entity.

to the Hold Separate Trustee all rights, powers, and authorities necessary to permit the Hold Separate Trustee to perform his/her duties and responsibilities, pursuant to this Hold Separate Order and consistent with the purposes of the Decision and Order.

- b. No later than five (5) days after this Hold Separate Order becomes final, Respondents shall, pursuant to the Trustee Agreement, transfer to the Hold Separate Trustee all rights, powers, and authorities necessary to permit the Hold Separate Trustee to perform his/her duties and responsibilities, pursuant to this Hold Separate Order and consistent with the purposes of the Decision and Order.
- c. The Hold Separate Trustee shall have the responsibility, consistent with the terms of this Hold Separate Order and the Decision and Order, for monitoring the organization of the Held Separate Joint Venture Interest; for serving on the Excel Paralubes management committee as Respondents' voting member; for managing the Held Separate Joint Venture Interest through the Manager; for maintaining the independence of the Held Separate Joint Venture Interest; and for monitoring Respondents' compliance with their obligations pursuant to this Hold Separate Order and the Decision and Order.
- d. The Hold Separate Trustee shall have full and complete access to all personnel, books, records, documents and facilities of the Held Separate Joint Venture Interest or to any other relevant information as the Hold Separate Trustee may reasonably request including, but not limited to, all documents and records kept by Respondents in the ordinary course of business that relate to the Held Separate Joint Venture Interest. Respondents shall develop such financial or other information as the Hold Separate Trustee may request and shall cooperate with the Hold Separate Trustee. Respondents shall take no action to interfere with or impede the Hold Separate Trustee's ability to monitor Respondents' compliance with this Hold Separate Order and the Consent Agreement or otherwise to perform his/her duties and responsibilities consistent with the terms of this Hold Separate Order.
- e. The Hold Separate Trustee shall have the authority to employ, at the cost and expense of Respondents, such consultants, accountants, attorneys, and other representatives and assistants as are reasonably necessary to carry out the Hold Separate Trustee's duties and

approval of the Commission, and transfer to the substitute Manager all rights, powers and authorities necessary to permit the substitute Manager to perform his/her duties and responsibilities, pursuant to this Hold Separate Order.

shall appoint a replacement Manager, subject to the approval of the Commission, on the same terms and conditions as provided in Paragraph II.D.2 of this Hold Separate Order.

3. The Held Separate Joint Venture Interest shall be staffed with sufficient employees to maintain the viability and competitiveness of the Held Separate Joint Venture Interest. To the extent that any Joint Venture Interest Employees leave or have left the Held Separate Joint Venture Interest prior to the Effective Date of Divestiture, the Manager, with the approval of the Hold Separate Trustee, may replace departing or departed employees with persons who have similar experience and expertise or determine not to replace such departing or departed employees.
4. In connection with support services or products not included within the Held Separate Joint Venture Interest, Respondents shall continue to provide, or offer to provide, the same support services to the Held Separate Joint Venture Interest as are being provided to such business interest by Respondents as of the date the Consent Agreement is signed by Respondents. For services that Pennzoil previously provided to the Held Separate Joint Venture Interest, Respondents may charge the same fees, if any, charged by Respondents for such support services as of the date this Consent Agreement is signed by Respondents. For any other services or products that Respondents may provide to the Held Separate Joint Venture Interest, Respondents may charge no more than the same price they charge others for the same services or products. Respondents' personnel providing such services or products must retain and maintain all Material Confidential Information of the Held Separate Joint Venture Interest on a confidential basis, and, except as is permitted by this Hold Separate Order, such persons shall be prohibited from providing, discussing, exchanging, circulating, or otherwise furnishing any such information to or with any person whose employment involves any of Respondents' businesses, other than the Held Separate Joint Venture Interest. Such personnel shall also execute confidentiality agreements prohibiting the disclosure of any Material Confidential Information of the Held Separate Joint Venture Interest.
 - a. Respondents shall offer to the Held Separate Joint Venture Interest any services and products that Respondents provide to their other businesses directly or through third party contracts, or that they have provided directly or through third party contracts to the businesses constituting the Held Separate Joint Venture Interest at any time since January 1, 2002. The Held Separate Joint Venture Interest may, at the option of the Manager with the approval of the Hold Separate Trustee, obtain such services and products from

Respondents. The services and products that Respondents shall offer the Held Separate Joint Venture Interest shall include, but shall not be limited to, the following:

- (1) Human resources administrative services, including but not limited to labor relations support, pension administration, and health benefits;
- (2) Environmental health and safety services, which develops corporate policies and insures compliance with federal and state regulations and corporate policies;
- (3) Preparation of tax returns;
- (4) Audit services;
- (5) Information systems, which constructs, maintains, and supports all computer systems;
- (6) Processing of accounts payable;
- (7) Technical support;
- (8) Finance and financial accounting services;
- (9) Procurement of supplies;
- (10) Procurement of goods and services utilized in the ordinary course of business by the Held Separate Joint Venture Interest; and
- (11) Legal services;

b. the Held Separate Joint Venture Interest shall have, at the option of the Manager with the approval of the Hold Separate Trustee, the ability to acquire services and products from third parties unaffiliated with Respondents.

5. Respondents shall cause the Hold Separate Trustee, the Manager, and each Joint Venture Interest Employee having access to Material Confidential Information to submit to the Commission a signed statement that the individual will maintain the confidentiality required by the terms and conditions of this Hold Separate Order. These individuals must retain and maintain all Material Confidential Information relating to the Held Separate Joint Venture Interest on a confidential basis and, except as is permitted by

this Hold Separate Order, such persons shall be prohibited from providing, discussing, exchanging, circulating, or otherwise furnishing any such information to or with any other person whose employment involves any of Respondents' businesses other than the Held Separate Joint Venture Interest. These persons shall not be involved in any way in the management, production, distribution, sale, marketing, or financial operations of the competing products of Respondents.

6. No later than ten (10) days after the date this Hold Separate Order becomes final, Respondents shall establish written procedures, subject to the approval of the Hold Separate Trustee, covering the management, maintenance, and independence of the Held Separate Joint Venture Interest

employment with the Commission-approved acquirer unless the individual has been terminated by the acquirer.

13. Notwithstanding the requirements of Paragraph II.D.11, Respondents shall offer a bonus or severance to Joint Venture Interest Employees that continue their employment with the Held Separate Joint Venture Interest until termination of the Hold Separate Period (in addition to any other bonus or severance to which the employees would otherwise be entitled).
14. Except for the Manager, Joint Venture Interest Employees, and support services employees involved in providing services to the Held Separate Joint Venture Interest pursuant to Paragraph II.D.4., and except to the extent provided in Paragraph II.A., Respondents shall not permit any other of its employees, officers, or directors to be involved in the operations of the Held Separate Joint Venture Interest.
15. Respondents shall assure that Joint Venture Interest Employees receive, during the Hold Separate Period, their salaries, all current and accrued bonuses, pensions and other current and accrued benefits to which those employees would otherwise have been entitled.
16. Respondents' employees (excluding support services employees involved in providing support to the Held Separate Joint Venture Interest pursuant to Paragraph II.D.4.) shall not receive, or have access to, or use or continue to use any Material Confidential Information of the Held Separate Joint Venture Interest not in the public domain except:
 - a. as required by law;
 - b. to the extent that necessary information is exchanged in the course of consummating the Merger;
 - c. in negotiating agreements to divest assets pursuant to the Consent Agreement and engaging in related due diligence;
 - d. in complying with this Hold Separate Order or the Consent Agreement;
 - e. in overseeing compliance with policies and standards concerning the safety, health and environmental aspects of the operations of the Held Separate Joint Venture Interest and the integrity of the Held Separate Joint Venture Interest's financial controls;

- f. in defending legal claims, investigations or enforcement actions threatened or brought against or related to the Held Separate Joint Venture Interest; or
- g. in obtaining legal advice.

Nor shall the Manager or Joint Venture Interest Employees receive or have access to, or use or continue to use, any Material Confidential Information not in the public domain about Respondents and relating to Respondents' businesses, except such information as is necessary to maintain and operate the Held Separate Joint Venture Interest. Respondents may receive aggregate financial and operational information relating to the Held Separate Joint Venture Interest only to the extent necessary to allow Respondents to prepare United States consolidated financial reports, tax returns, reports required by securities laws, and personnel reports. Any such information that is obtained pursuant to this subparagraph shall be used only for the purposes set forth in this subparagraph.

17. Respondents and the Held Separate Joint Venture Interest shall jointly implement, and at all times during the Hold Separate Period maintain in operation, a system, as approved by the Hold Separate Trustee, of access and data controls to prevent unauthorized access to or dissemination of Material Confidential Information of the Held Separate Joint Venture Interest, including, but not limited to, the opportunity by the Hold Separate Trustee, on terms and conditions agreed to with Respondents, to audit Respondents' networks and systems to verify compliance with this Hold Separate Order.

III.

IT IS FURTHER ORDERED that Respondents shall notify the Commission at least thirty (30) days prior to any proposed change in either corporate Respondent such as dissolution, assignment, sale resulting in the emergence of a successor corporation, or the creation or dissolution of subsidiaries or any other change in the corporation that may affect compliance obligations arising out of the Hold Separate Order.

IV.

IT IS FURTHER ORDERED that, for the purpose of determining or securing compliance with this Hold Separate Order, and subject to any legally recognized privilege, and upon written request with reasonable notice to Respondents made to their principal United States offices,

Respondents shall permit any duly authorized representative of the Commission:

- A. Access, during office hours of Respondents 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 Respondents relating to any matters contained in this Hold Separate Order; and
- B. Upon five (5) days' notice to Respondents and without restraint or interference from Respondents, to interview officers, directors, or employees of Respondents, who may have counsel present, regarding any such matters.

V.

IT IS FURTHER ORDERED that this Hold Separate Order shall terminate at the earlier of:

- A. three (3) business days after the Commission withdraws its acceptance of the Consent Agreement pursuant to the provisions of Commission Rule 2.34, 16 C.F.R. § 2.34; or
- B. the day after the divestiture required by the Consent Agreement is completed.

By the Commission.

Donald S. Clark
Secretary

SEAL
ISSUED: September 27, 2002

CONFIDENTIAL APPENDIX A

HOLD SEPARATE TRUSTEE AGREEMENT

[Redacted From Public Record Version]

CONFIDENTIAL APPENDIX B

JOINT VENTURE INTEREST EMPLOYEES

[Redacted From Public Record Version]