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UNITED STATES OF AMERICA

V. ENTRY CONDITIONS

10. New entry into the relevant market is a difficult process because of, among other things, the time and cost associated with researching and developing a mobile RF AMR system for electric utilities, the lengthy period necessary to attain customer acceptance with electric utilities, and the exclusionary effect of proprietary communication protocols utilized by Itron and Schlumberger Electricity.

11. New entry into the relevant market sufficient to deter or counteract the anticompetitive effects described in Paragraph 13 would not occur in a timely manner because it would take over two years to enter and achieve a significant market impact.

12. Expansion by smaller competitors in the relevant market sufficient to deter or counteract the anticompetitive effects described in Paragraph 13 is unlikely to occur in a timely manner because of, among other things, the lengthy period necessary to attain sufficient customer acceptance with electric utilities and the inability of smaller competitors to sell a mobile RF AMR system for electric utilities that is interoperable with the proprietary communication protocols utilized by Itron and Schlumberger Electricity.

VI. EFFECTS OF THE ACQUISITION

13. The effects of the Acquisition, if consummated, may be to substantially lessen competition and to tend to create a monopoly in the relevant markets in violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the FTC Act, as amended, 15 U.S.C. § 45, in the following ways, among others:

- a. by eliminating actual, direct, and substantial competition between Itron and Schlumberger Electricity in the U.S. market for mobile RF AMR systems for electric utilities;
- b. by increasing the likelihood that Itron will unilaterally exercise market power in the U.S. market for mobile RF AMR systems for electric utilities;
- c. by reducing incentives to improve service or product quality or to pursue further innovation in the U.S. market for mobile RF AMR systems for electric utilities; and
- d. by increasing the likelihood that electric utilities would be forced to pay higher prices for mobile RF AMR systems.

VII. VIOLATIONS CHARGED

14. The Purchase Agreement described in Paragraph 5 constitutes a violation of Section 5 of the FTC Act, as amended, 15 U.S.C. § 45.

15. The Acquisition described in Paragraph 5, if consummated, would constitute a violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the FTC Act, as amended, 15 U.S.C. § 45.

WHEREFORE, THE PREMISES CONSIDERED, the Federal Trade Commission on this _____ day of _____, 2004, issues its Complaint against said Respondents.

By the Commission.

Donald S. Clark
Secretary

SEAL: