ANALYSIS OF PROPOSED AGREEMENT CONTAINING CONSENT ORDERS TO AID PUBLIC COMMENT
In the Matter of TC Group L.L.C., Riverstone Holdings LLC, Carlyle/Riverstone Global Energy and Power Fund II, L.P., and Carlyle/Riverstone Global Energy and Power Fund III, L.P., File No. 061-0197

The Federal Trade Commission, subject to its final approval, has accepted for public comment an Agreement Containing Consent Orders ("Consent Agreement") with TC Group, L.L.C. ("Carlyle"), Riverstone Holdings LLC ("Riverstone"), Carlyle/Riverstone Global Energy and Power Fund II, L.P. ("CR-II"), and Carlyle/Riverstone Global Energy and Power Fund III, L.P. ("CR-III"). The proposed Consent Agreement remedies the anticompetitive effects that otherwise would be likely to result from the acquisition described herein.

On August 28, 2006, Kinder Morgan, Inc. ("KMI") announced that it had entered into a definitive merger agreement pursuant to which a group of investors, including CR-III, a private equity fund managed and controlled by Carlyle and Riverstone, and Carlyle Partners IV, L.P. ("CP-IV"), an affiliate of Carlyle, would acquire all outstanding shares of KMI for approximately $22 billion, including the assumption of approximately $7 billion of debt (the "Acquisition").

Carlyle and Riverstone have worked together to form, manage, and operate several private equity funds that focus on energy-related investments. One of these funds is CR-III, which, through the Acquisition, will acquire approximately 11.3% of the equity in KMI. In addition, CP-IV will also acquire approximately 11.3% of the equity in KMI. Another fund that is jointly controlled and managed by Carlyle and Riverstone, CR-II, holds interests in various energy firms, including, as relevant here, a 50% interest in the general partner that controls Magellan Midstream Partners, L.P. ("Magellan"), a midstream terminal and pipeline company that competes with KMI in various terminaling and pipeline operations.

Without some form of relief, the propose

Each of the eleven markets already is either moderately or highly concentrated prior to the

Riverstone from serving on any of the Magellan boards, prohibiting Carlyle and Riverstone from exerting control or influence over Magellan as long as they hold an interest in or can influence KMI, and requiring Respondents to set firewalls to prevent the exchange of competitively sensitive non-public information. The purpose of the Consent Agreement is to ensure that KMI and Magellan are operated independently of, and in competition with, each other, and to remedy the lessening of competition resulting from the Acquisition as alleged in the Commission's Complaint.

A. Proposed Respondents' Current and Future Magellan Investments Must Be Passive

In order to achieve the purposes of the Consent Agreement, Paragraph II.A. of the Commission's proposed Decision and Order ("Order") prohibits the proposed Respondents from consummating the Acquisition unless and until (1) they have removed all of their appointed or elected agents from all Magellan boards, and (2) they have agreed with MDP that they will remove such directors and will no longer have the right to have any representation on any of date and would be competitively insignificant. In addition, such individuals still are prohibited from divulging such information to KMI or other KMI directors.

B. KMI Information and Investment Limitations

The Order also limits the flow of non-public KMI information to Magellan and places restrictions on the proposed Respondents' additional investments in KMI. Specifically, paragraph II.C. of the proposed Order provides that Carlyle, Riverstone, and CR-III shall: (1) not discuss with, or provide, disclose or otherwise make available (prohibit) order

By accepting the proposed Consent Agreement subject to final approval, the Commission anticipates that the competitive problems alleged in the Complaint will be resolved. The purpose of this analysis is to invite public comment on the proposed Order to aid the Commission in its determination of whether it should make final the proposed Order contained in the Agreement. This analysis is not intended to constitute an official interpretation of the proposed Order, nor is it intended to modify the terms of the proposed Order in any way.