**ANALYSIS OF PROPOSED AGREEMENT CONTAINING CONSENT ORDERS TO AID PUBLIC COMMENT**
***In the Matter of Pilot Corporation, Propeller Corp., and Flying J Inc., File No. 091-0125***

The Federal Trade Commission has accepted for public comment, subject to final approval, an Agreement Containing Consent Orders ("Consent Agreement") from Pilot

approximately $1.8 billion (the "acquisition"). The Commission's Complaint alleges that the acquisition, if consummated, would violate 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, by removing actual, direct, and substantial competition between Pilot and Flying J and increasing the likelihood that Pilot will exercise market power unilaterally. The proposed Consent Agreement would resolve the competitive concerns from the acquisition by requiring the divestiture of 26 travel centers to Love's Travel Stops and Country Stores. The divestiture will make Love's a stronger competitor and replace competition weakened by the acquisition.

The proposed Consent Agreement has been placed on the public record for thirty (30) days to solicit comments from interested persons. Comments received during this period will become part of the public record. After thirty (30) days, the Commission will review the proposed Consent Agreement again and the comments received, and decide whether it should

Respondent Propeller Corp. holds 47.5 percent of the non-corporate interests of Pilot Travel Centers LLC and a right to 50 percent representation on Pilot Travel Centers LLC's Board of Managers. Propeller Corp. is a for-profit corporation, privately held in its entirety by five stockholders managed by CVC European Equity V Limited and three stockholders managed by CVC European Equity Tandem Fund Limited.

**B. Flying J**

Respondent Flying J Inc., a privately held, for-profit corporation, is a fully integrated oil company with operations throughout the United States and Canada. Flying J Inc. owns and operates, among other things, travel center, trucking, fuel card, and related businesses. Flying J

De novo entry or fringe expansion into the relevant market is unlikely to deter or counteract the likely anticompetitive effects. Entry is difficult and time-consuming and potential entrants would face substantial barriers.

## III. The Proposed Consent Agreement

The proposed Consent Agreement is intended to remedy the acquisition's alleged anticompetitive effects by, among other things, requiring the divestiture of travel center assets to Love's. Love's is a growing national travel center operator that is currently concentrated in the South. It is the smallest of the four national travel center operators and some long-haul fleets do not encounter Love's on the routes they travel, especially in the Midwest and the Eastern portion of the United States.

Respondents have reached an agreement to sell to Love's 26 specific travel center sites, the majority of which are located in the Midwest or the Eastern portion of the United States. These sites, along with Love's aggressive and independent expansion plan, will enhance Love's market position as a national travel center operator, allowing it to compete for more long-haul over-the-road diesel business. Love's possesses the existing infrastructure, resources, and capability to acquire the divested sites and operate them within Love's existing network. The divestiture will allow Love's to replace competition lost because of the acquisition of Flying J by Pilot. In particular, Love's will now be able to compete for those customers who viewed Pilot and Flying J as their first and second choices and who did not encounter Love's on their routes prior to the divestiture.

The Order contains provisions designed to ensure the successful implementation and remedial intent of the proposed Consent Agreement. Some of these provisions are highlighted below.

### A. Access to and Use of the TCH Fuel Card System

The Order requires Respondents to provide access to and use of the TCH LLC ("TCH") Fuel Card System upon request from Love's. Paragraph II.C. of the Order provides that at Love's option, and upon reasonable notice, Respondents shall provide non-discri(he)Tj11.2800 0.0000 Ti7800 0

To assure the efficient transfer and continuity of operation of the divested travel centers, the Order requires Respondents to provide assistance for, and information regarding, employees of those travel centers. Paragraphs II.F. and II.G. of the Order require Respondents to provide, for a period no longer than six

### E. Additional Provisions

Paragraph VIII. of the Order provides that the Commission shall, with proper notice, have access to documents and personnel at the offices of Respondents for the purpose of determining or securing compliance with the Order.

Paragraph IX. of the Order provides that the Order shall terminate after ten years.

## IV. Order to Maintain Assets

The Commission also has issued an Order to Maintain Assets in this proceeding. The purpose of the Order to Maintain Assets is: (a) to maintain the full economic viability, marketability and competitiveness of the travel centers through their full transfer and delivery to Love's; (b) to minimize any risk of loss of competitive potential for the travel centers; (c) to prevent the destruction, removal, wasting, deterioration, or impairment of any of the travel centers, except for ordinary wear and tear; and (d) to prevent disclosure of any Confidential Business Information related to the travel centers to any person except Love's or persons specifically authorized by Love's to receive such information. The Commission may appoint an Interim Monitor to assure that Respondents expeditiously comply with all of their obligations and perform all of their responsibilities as required by the Order to Maintain Assets.