

UNITED STATES OF AMERICA  
BEFORE THE FEDERAL TRADE COMMISSION

	)	
In the Matter of	)	
	)	
THE ASSOCIATED OCTEL	)	
COMPANY LIMITED,	)	
	)	Docket No. C-3913
a corporation,	)	
	)	

**Request for Approval of Modifications**

On December 22, 1999, the Commission issued its Decision and Order in the above-captioned matter (the "Order"). Paragraph II of the Order requires The Associated Octel Company Limited ("Octel") to supply AllChem Industries, Inc. with Tetra Ethyl Lead Additives ("TEL" or the "Compound") for 15 years pursuant to a Supply Agreement dated July 30, 1999 (the "Supply Agreement"). Paragraph III. A of the Order requires Octel to obtain prior Commission approval for changes to the "Core Provisions," which includes Paragraph 4.5 relating to "Price and Payment."

The price of the Compound under the Supply Agreement is [REDACTED] per metric ton until December 31, 2000. Each subsequent year's price is then adjusted from the [REDACTED] base using a formula described in Paragraph 4.5.

As Octel's attorneys have discussed with Commission staff and as detailed in the 2005 Annual Consolidated Compliance Report filed on September 28, 2005 (attached), Octel made certain changes to the Price and Payment provision without obtaining Commission approval. Octel officials erroneously believed that Octel did not need approval for changes that resulted in lower prices to AllChem. The changes to the Supply Agreement were as follows:

- In February 2000, AllChem requested a lower price on Compounds [ REDACTED ] Octel responded to AllChem's request by lowering all of AllChem's prices, not just for the Compounds sold to [REDACTED]. The new price was [REDACTED] per metric ton. The effect of this change is that today -- more than five years later -- AllChem is paying less [REDACTED] than the original price in the Supply Agreement.
- In February 2000, AllChem also requested an adjustment to the price formula so that: (1) AllChem would [ REDACTED ], which reduced its exposure to price spikes; and (2) the parties would compute the

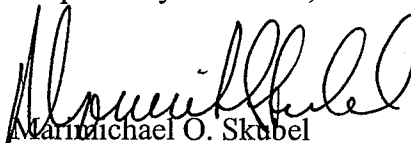
price using the average index price for the year versus the average index price for the month of September, thus preventing an unfair price to AllChem if the September index price is an outlier. Octel agreed to these changes.

- In 2004, the parties agreed that they would use the [ REDACTED ] of the GSO: Chemical & Chemical Products Index. The Supply Agreement does not specify the particular series and the parties agreed that the [ REDACTED ] was more appropriate than the general index for TEL. The parties also adjusted the formula to account for the rebasing of the index by the Office of National Statistics.

Octel regrets its oversight in not seeking prior Commission approval before making these changes. As explained in the 2005 Compliance Report, all Octel employees responsible for the AllChem transactions are now aware of the requirements of the Order and procedures are in place to avoid a similar mistake.

Octel requests that the Commission approve these changes to the Supply Agreement. The changes are in the public interest, because they made AllChem more competitive in the sale of TEL in the United States.

Respectfully submitted,



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UNITED STATES OF AMERICA  
BEFORE THE FEDERAL TRADE COMMISSION

In the Matter of	)	
THE ASSOCIATED OCTEL COMPANY LIMITED,	)	CONFIDENTIAL TREATMENT REQUESTED
a corporation,	)	CONTAINS CONFIDENTIAL INFORMATION
	)	Docket No: C-3815 and Docket No: C-3913

**2005 ANNUAL CONSOLIDATED COMPLIANCE REPORT**

Pursuant to Paragraph VII of the Decision and Order of the Federal Trade Commission (“the Commission”) in Docket No. C-3815 (“the First Order”), and Paragraph IV of the Order in Docket No. C-3913 (“the Second Order”), together (“the Orders”), The Associated Octel Company Limited (“Octel”) submits their verified 2005 Annual Consolidated Compliance Report comprising the sixth annual report with respect to the First Order and the fourth annual report with respect to the Second Order, setting forth the manner and form in which it has complied and is complying with the Orders. Octel requests confidential treatment of certain information contained in this report and its attachments.

**THE FIRST ORDER**

**I. SECTIONS II - III**

In compliance with Sections II and III of the First Order, Octel and Ethyl Corporation (“Ethyl”), entered into a new agreement for the Supply of Compound by Octel and Ethyl for resale in the United States entitled Supply of Lead Antiknock Compounds (hereinafter referred to as the “Supply Agreement”) effective as of 1<sup>st</sup> January 1998. A copy of this agreement was appended to the Compliance Report dated 19 August 1998 filed with the Commission. There has been no subsequent change to any term of the Supply Agreement.

**II. SECTION IV**

Octel has not entered into any contract modification, contract, agreement or understanding with Ethyl relating to the Supply of Compounds that would violate any of the prohibitions (A)-(D) as set forth in Section IV.

**III. SECTION V**

Octel has not provided, disclosed or otherwise made available to Ethyl, directly or through an intermediary, any information, as specified in Section V of the First Order, regarding its historical, current, or future prices for Compounds sold to customers in the United States.

(Redacted)

**IV. SECTION VI**

In compliance with Section VI, Octel provided timely notification to the Commission of its intention to acquire all of the capital stock of OboAdler Company Limited and supplied such additional information as was requested by the Commission staff. Subsequently, the Commission approved the acquisition of OboAdler under the terms and conditions of the First Order. In all other respects, Octel has complied with the terms and conditions of Section VI of the First Order.

**V. SECTION VIII**

There have been no changes or proposed changes to the corporate structure of Octel, such as dissolution, assignment, or sale resulting in the emergence of a successor corporation, or the

creation or dissolution of subsidiaries or any other change in such corporations that may affect compliance obligations arising out of the First Order.

**VI. SECTION X**

Octel has provided all of the notifications and has received appropriate acknowledgements from Octel officers, directors and management employees as required by Section X of the First Order.

**THE SECOND ORDER**

**VII. SECTION II**

Section II of the Second Order requires, *inter alia*, that, for a period of 15 years from the date the Second Order became final, Octel shall provide AllChem Industries, Inc. ("AllChem") with all such quantities of Compounds as AllChem may order from time to time to supply customers in the United States. (Second Order at § II.) From April 1, 2004 to June 30, 2005, AllChem has ordered and received <sup>(Redacted)</sup> shipments totaling <sup>(Redacted)</sup> tons of Compounds from Octel for supply to customers located in the United States. A true and accurate summary of shipments of Compounds to AllChem during the period covered by this report is presented at Exhibit A.

**VIII. SECTION III.A**

Section III.A of the Second Order requires Octel to obtain the prior approval of the Commission before making or agreeing to "any amendment or modification with respect to the Core Provisions of the Supply Agreement." (Second Order at § III.A.) As Octel has verbally discussed with the Commission staff, certain changes have been made to the Core Provisions over the past few years. Octel did not seek prior Commission approval before making these changes, nor were they reported in the annual compliance reports. Once Octel discovered this error, it asked Kirkland & Ellis LLP ("Kirkland") to investigate. Below is a summary of the changes that were made in the supply agreement, a summary of the facts Kirkland found during

its investigation, and a description of the new procedures that have been instituted by Octel to ensure future compliance.

(Redacted)

(Redacted)

(Redacted)

(Redacted)

(Redacted)

(Redacted)

(Redacted)

(Redacted)

(Redacted)

(Redacted)

(Redacted)

(Redacted)

**New Procedures**

Mr. Hartley, Octel's new General Counsel, has implemented procedures to ensure that Octel will comply fully with the FTC order going forward. Mr. Hartley spoke with each individual responsible for the TEL business with AllChem and explained that an FTC Order covers the agreement. Mr. Hartley also reminded the responsible TEL people by e-mail that the Order requires FTC approval of any changes to the Supply Agreement and instructed them to notify him or Ms. Davison before Octel discusses any proposed changes with AllChem. Mr. Hartley will oversee the remaining compliance reports to ensure their accuracy. No changes are expected in the Supply Agreement, but Mr. Hartley will make certain that Commission staff is consulted and, if necessary, will obtain Commission approval before making any changes.

**IX. SECTION III.B**

This verified compliance report shall serve as certification that there have been no communications between Octel and AllChem regarding any alleged breach of the Supply Agreement and that there has been no notice of a *force majeure* event under the Supply Agreement. Copies of the modifications to the Supply Agreement, discussed in paragraph II of this report, are attached at Exhibit B.

**X. OTHER PROVISIONS**

To the extent the Second Order provides any other obligations on Octel, this verified compliance report shall serve as certification that Octel has complied and is complying with those obligations.



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EXHIBIT A  
SUMMARY OF SHIPMENTS OF COMPOUNDS TO ALLCHEM INDUSTRIES, INC.

Time Period	Total Quantity (metric tons)	Number of Shipments
April 1, 2004 to June 30, 2004		
July 1, 2004 to September 30, 2004		
October 1, 2004 to December 31, 2004	(Redacted)	(Redacted)
January 1, 2005 to March 31, 2005		
April 1, 2005 to June 30, 2005		
<b>TOTAL</b>		

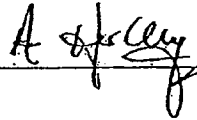
Public Record Version

VERIFICATION

I, Andrew Hartley, declare under penalty of perjury that:

1. I am General Counsel and Company Secretary of the Associated Octel Company Limited; and

2. I have read the 2005 Annual Consolidated Compliance Report for Docket Nos. C-3815 and C-3913 being submitted to the Federal Trade Commission by the Associated Octel Company Limited and believe, based on my personal knowledge or on information obtained through reasonable inquiry, that the information it contains is true and correct.



Dated: September 26, 2005