

**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,)
a corporation,)
) File No. 021 0123
and)
)
PENNZOIL-QUAKER STATE COMPANY,)
a corporation.)
)
_____)

AGREEMENT CONTAINING CONSENT ORDERS

The Federal Trade Commission (“Commission”), having initiated an investigation of the proposed merger involving Shell Oil Company (“Shell”) and Pennzoil-Quaker State Company (“Pennzoil”), and it now appearing that Shell and Pennzoil, hereinafter sometimes referred to as “Proposed Respondents,” are willing to enter into this Agreement Containing Consent Orders (“Consent Agreement”) to divest certain assets and providing for other relief:

IT IS HEREBY AGREED by and between Proposed Respondents, by their duly authorized officers and attorneys, and counsel for the Commission that:

1. Proposed 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. Proposed 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. Proposed Respondents admit all the jurisdictional facts set forth in the draft of Complaint here attached.

4. Proposed Respondents waive:
 - a. any further procedural steps;
 - b. the requirement that the Commission's Order to Hold Separate and Maintain Assets and Decision and Order, here attached and made a part hereof, contain a statement of findings of fact and conclusions of law;
 - c. all rights to seek judicial review or otherwise to challenge or contest the validity of the Order to Hold Separate and Maintain Assets or Decision and Order entered pursuant to this Consent Agreement; and
 - d. any claim under the Equal Access to Justice Act.

5. Proposed Respondents shall submit an initial compliance report at the time that they execute this Consent Agreement and shall submit additional compliance reports every thirty (30) days thereafter until the Decision and Order becomes final, pursuant to Commission Rule 2.33, 16 C.F.R. § 2.33, signed by the Proposed Respondents setting forth in detail the manner in which the Proposed Respondents have to date complied or have prepared to comply, and will comply with the Decision and Order. Such reports will not become part of the public record unless and until the accompanying Consent Agreement and Decision and Order are accepted by the Commission for public comment.

6. This Consent Agreement shall not become part of the public record of the proceeding unless and until it is accepted by the Commission. If this Consent Agreement is accepted by the Commission it, together with the Complaint contemplated thereby, will be placed on the public record for a period of thirty (30) days and information in respect thereto publicly released. The Commission thereafter may either withdraw its acceptance of this Consent Agreement and so notify Proposed Respondents, in which event it will take such action as it may consider appropriate, or amend its Complaint if circumstances so require and issue its Decision and Order, in disposition of the proceeding.

7. This Consent Agreement is for settlement purposes only and does not constitute an admission by Proposed Respondents that the law has been violated as alleged in the draft Complaint here attached, or that the facts as alleged in the draft Complaint, other than jurisdictional facts, are true.

8. Because there may be interim competitive harm, and divestiture or other relief resulting from a proceeding challenging the legality of the proposed merger might not be possible, or might be less than an effective remedy, the Commission may issue an Order to Hold Separate and Maintain Assets in this matter.

9. This Consent Agreement contemplates that, if it is accepted by the Commission, the Commission may (1) issue its Complaint corresponding in form and substance with the draft Complaint here attached, (2) issue and serve its Order to Hold Separate and Maintain Assets, and

(3) make information public with respect thereto. If such acceptance is not subsequently withdrawn by the Commission pursuant to the provisions of Commission Rule 2.34, 16 C.F.R. § 2.34, the Commission may, without further notice to Proposed Respondents, issue the attached Decision and Order containing an order to divest in disposition of the proceeding. When final, the Decision and Order and Order to Hold Separate and Maintain Assets shall have the same force and effect, and may be altered, modified or set aside in the same manner and within the same time provided by statute for other orders. The Decision and Order and Order to Hold Separate and Maintain Assets shall become final upon service. Delivery of the Complaint, Decision and Order, and Order to Hold Separate and Maintain Assets to Proposed Respondents by any means specified in Commission Rule 4.4(a), 16 C.F.R. § 4.4(a), shall constitute service. Proposed Respondents waive any right they may have to any other manner of service. The Complaint may be used in construing the terms of the Decision and Order and Order to Hold Separate and Maintain Assets, and no agreement, understanding, representation, or interpretation not contained in the Decision and Order, Order to Hold Separate and Maintain Assets, or the Consent Agreement may be used to vary or contradict the terms of the Decision and Order or the Order to Hold Separate and Maintain Assets.

10. By signing this Agreement Containing Consent Orders, Proposed Respondents represent and warrant that they can accomplish the full relief contemplated by the attached Decision and Order and the Order to Hold Separate and Maintain Assets (including effectuating all required divestitures, assignments, and transfers and obtaining all necessary approvals from third parties to effectuate the divestitures, assignments and transfers), and that all parents, subsidiaries, affiliates, and successors necessary to effectuate the full relief contemplated by this Consent Agreement are parties to the Consent Agreement and are bound thereby as if they had signed this Consent Agreement and were made parties to this proceeding and to the order. Proposed Respondents further represent and warrant that: (a) Conoco Inc. (“Conoco”) has waived, and agreed not to assert, the “right of first refusal” and “first option to purchase” described in Article 15.1 of the August 2, 1994, Joint Venture Agreement Between Atlas Processing Company and Conoco (the “Joint Venture Agreement”), and has agreed that it will consent to assignment of the Lubricating Base Oil Sale and Purchase Agreement dated as of May 12, 1995, between Excel Paralubes and Atlas; and (b) Conoco has waived, and agreed not to assert, any other rights that it may have, under the Joint Venture Agreement or otherwise, that will prevent, or materially hinder or delay the divestiture or sale of Pennzoil’s interest in the Excel Paralubes joint venture, either by Shell, by Pennzoil, or by a Commission Trustee as contemplated by the attached Decision and Order.

11. Proposed Respondents have read the Complaint, Decision and Order, and Order to Hold Separate and Maintain Assets contemplated hereby. Proposed Respondents understand that once the Decision and Order and Order to Hold Separate and Maintain Assets have been issued they will be required to file one or more compliance reports showing that they have fully complied with the Decision and Order and the Order to Hold Separate and Maintain Assets. Proposed Respondents agree to comply with the Decision and Order and the Order to Hold Separate and Maintain Assets from the date they execute this Consent Agreement. Proposed Respondents further understand that they may be liable for civil penalties in the amount provided by law for

each violation of the Decision and Order and the Order to Hold Separate and Maintain Assets.

SHELL OIL COMPANY

By: _____
Rob J. Routs
President

Dated: September __, 2002

Steven A. Newborn
Clifford Chance US LLP
Counsel for Shell Oil Company

Dated: September __, 2002

PENNZOIL-QUAKER STATE COMPANY

By: _____
James J. Postl
President and CEO

Dated: September __, 2002

Rufus W. Oliver III
Baker Botts L.L.P.
Counsel for Pennzoil-Quaker State
Company

Dated: September __, 2002

FEDERAL TRADE COMMISSION

By: _____
Dennis F. Johnson
Attorney
Bureau of Competition

Approved:

Phillip L. Broyles
Assistant Director
Bureau of Competition

M. Sean Royall
Deputy Director
Bureau of Competition

Joseph J. Simons
Director
Bureau of Competition