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UNITED STATES OF AMERICA
BEFORE THE FEDERAL TRADE COMMISSION

COMMISSIONERS: **Jon Leibowitz, Chairman**
William E. Kovacic
J. Thomas Rosch
Edith Ramirez
Julie Brill

In the Matter of **Pilot Corporation,** **a corporation,** **Propeller Corp.,** **a corporation,** **and** **Flying J Inc.,** **a corporation.**	**Docket No. C-4293**

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and by virtue of the authority vested in it by said Act, the Federal Trade Commission, having reason to believe that Respondents Pilot Corporation and Propeller Corp. (collectively, "Pilot"), and Flying J Inc. have entered into acquisition agreements which, 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, and it appearing to the Federal Trade Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint, stating its charges as follows:

I. RESPONDENTS AND JURISDICTION

1. Pilot Travel Centers LLC is the largest travel center operator in the United States. Pilot Travel Centers LLC is a privately held, for-profit limited liability company. It is organized, existing, and doing business under and by virtue of the laws of Delaware, with its headquarters and principal place of business at 5508 Lonas Drive, Knoxville, Tennessee 37909. Pilot Travel Centers LLC operates in 39 U.S. states.

2. Respondent Pilot Corporation holds 52.5 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. Pilot Corporation and Respondent Propeller Corp. share control over Pilot Travel Centers LLC equally. Pilot Corporation is a privately held, for-profit corporation. It is organized, existing, and doing business under and by virtue of the laws of Tennessee, with its headquarters and principal place of business at 5508 Lonas Drive, Knoxville, Tennessee 37909.

3. 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. Pilot Corporation and Propeller Corp. share control over Pilot Travel Centers LLC equally. 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. Propeller Corp. is organized, existing, and doing business under and by virtue of the laws of Delaware, with its headquarters and principal place of business at 712 5th Avenue, 43rd Floor, New York, New York 10019.

4. Pilot Corporation, Propeller Corp., and their relevant operating entities are, and at all relevant times have been, engaged in activities in or affecting "commerce" as defined in Section 1 of the Clayton Act, as amended, 15 U.S.C. § 12, and Section 4 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 44.

5. Respondent Flying J Inc., a privately held, for-profit corporation, is a fully integrated oil company with operations throughout the United States and Canada. It is organized, existing, and doing business under and by virtue of the laws of Utah, with its headquarters and principal place of business at 1104 Country Hills Drive, Ogden, Utah 84403. Flying J Inc. owns and operates, among other things, travel center, trucking, fuel card, and related businesses, the interests and assets of which Pilot proposes to acquire (the assets, stock, and other interests to be acquired, collectively, "Flying J"). Flying J Inc. operates in more than 40 U.S. states. Flying J Inc., its wholly-owned subsidiary, and wholly-owned subsidiaries of ConocoPhillips jointly control the CFJ Entities.

6. The CFJ Entities own Flying J-branded travel centers operated by Flying J Inc. in 36 U.S. states. The CFJ Entities consist of: (1) CFJ Properties, a general partnership that is 50% owned by wholly-owned subsidiaries of ConocoPhillips and 50% owned by a wholly-owned subsidiary of Flying J Inc.; (2) CFJ I Management Inc., CFJ II Management Inc., and CFJ III Management Inc. ("CFJ Management Companies"), each of which is 50% owned by a wholly-owned subsidiary of ConocoPhillips and 50% owned by Flying J Inc.; and (3) CFJ Plaza Company I LLC, CFJ Plaza Company II LLC, and CFJ Plaza Company III LLC, each of which is 49.5% owned by a wholly-owned subsidiary of ConocoPhillips, 49.5% owned by Flying J Inc., and 1% owned by its corresponding CFJ Management Company.

7. Flying J Inc. and its relevant operating subsidiaries are, and at all relevant times have been, engaged in activities in or affecting "commerce" as defined in Section 1 of the Clayton Act, as amended, 15 U.S.C. § 12, and Section 4 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 44.

II. THE PROPOSED ACQUISITION

8. Pursuant to agreements dated December 18, 2009, Pilot intends to acquire the interests and assets of Flying J's travel center and related businesses for approximately $1.8 billion.

III. THE RELEVANT MARKETS

9. The relevant product market in which to analyze the proposed acquisition is the over-the-road sale of diesel to long-haul fleets by national travel center operators.

10. Travel centers provide locations for long-haul trucks to fuel and serve as the long-haul driver's home away from home, offering amenities including parking for tractor-trailers, truck service centers, truck washes, certified automated truck scales, fast food restaurants, shower facilities, internet access, and financial services for drivers.

11. Today, four travel center operators – Pilot, Flying J, TravelCenters of America ("TA"), and Love's Travel Stops and Country Stores ("Love's") (collectively, "national travel center operators") – have the scale and scope to compete for any substantial portion of long-haul over-the-road diesel business. Pilot and Flying J are the first and second choices for a number of long-haul fleets.

12. The relevant geographic market in which to analyze the proposed transaction is the contiguous United States. National travel center operators can and do negotiate blanket minimum national discounts with long-haul fleets.

IV. ENTRY CONDITIONS

13. Post-acquisition, entry or expansion into the relevant market would not be timely, likely, and sufficient in scope to deter or negate the anticompetitive effects of the proposed acquisition.

V. ANTICOMPETITIVE EFFECTS

14. The acquisition may substantially lessen competition in the relevant market by, among other things: (a) eliminating actual, direct, and substantial competition between Pilot and Flying J; and (b) increasing the likelihood that Pilot will exercise market power unilaterally.

VI. VIOLATIONS CHARGED

15. The agreements described in Paragraph 8 constitute a violation of Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 45.

16. The acquisition described in Paragraph 8, 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 Federal Trade Commission Act, as amended, 15 U.S.C. § 45.

WHEREFORE, THE PREMISES CONSIDERED, the Federal Trade Commission on this twenty-ninth day of June, 2010, issues its Complaint against Respondents.

By the Commission, Commissioner Brill not participating.

Donald S. Clark
Secretary

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