

IN THE MATTER OF

AMOCO OIL COMPANY

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
SEC. 5 OF THE FEDERAL TRADE COMMISSION ACT

Docket C-3655. Complaint, May 7, 1996--Decision, May 7, 1996

This consent order requires, among other things, the Chicago-based corporation to possess competent and reliable scientific evidence to substantiate claims regarding the environmental benefits, engine performance, power, acceleration, or engine cleaning ability of any gasoline.

Appearances

For the Commission: *Michael Dershowitz and Sidney N. Knight.*

For the respondent: *Elroy H. Wolff, Sidley & Austin, Washington, D.C. and James M. Amend, Kirkland & Ellis, Chicago, IL.*

COMPLAINT

The Federal Trade Commission, having reason to believe that Amoco Oil Company, a corporation, hereinafter sometimes referred to as respondent, has violated the provisions of the Federal Trade Commission Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, alleges:

PARAGRAPH 1. Respondent Amoco Oil Company is a Maryland corporation, with its offices and principal place of business located at 200 East Randolph Drive, Chicago, Illinois.

PAR. 2. Respondent Amoco Oil Company has advertised, offered for sale, sold, and distributed gasoline and other petroleum products including Amoco Silver 89 octane gasoline, and Amoco Ultimate 92 and 93 octane gasolines.

PAR. 3. The acts and practices of respondent alleged in this complaint have been in or affecting commerce, as "commerce" is defined in Section 4 of the Federal Trade Commission Act.

PAR. 4. Respondent has disseminated or caused to be disseminated advertisements for Amoco Silver and Amoco Ultimate

gasolines, including but not necessarily limited to the advertisements attached hereto as Exhibits A through I. The aforesaid advertisements contain the following statements and depictions:

A. A television advertisement for Amoco Ultimate:

Announcer: What's clear? Crystal clear Amoco Ultimate.

[Video: Depiction of clear liquid being poured]

What isn't? All other premium gasolines.

[Video: Depiction of colored liquids in laboratory flasks]

What's clear? Amoco Ultimate is the only premium refined an extra step to remove harmful impurities. Harmful impurities you, as a premium user, don't want.

[Video: Depiction of laboratory flask containing a dark colored viscous liquid]

[Super #1: PNA Impurities Simulated]

[Super #2: Based On Reduction In Hydrocarbon Exhaust Emissions From Extra Refining Step.]

What's clear?

Why we do it?

For unsurpassed performance and a cleaner environment. Crystal clear. Crystal clear Amoco Ultimate.

[Exhibit A]

Superscript #1 appears on the screen for approximately 1.5 seconds.

Superscript #2 appears on the screen for approximately 2.5 seconds.

B. A television advertisement for Amoco Ultimate:

Announcer: What's clear? Crystal clear Amoco Ultimate.

[Video: Depiction of clear liquid being poured]

What isn't? All other premium gasolines.

[Video: Depiction of colored liquids in, laboratory flasks]

What's clear? Amoco Ultimate is the only premium refined an extra step to remove harmful impurities other premiums leave in. Impurities that can rob your engine of performance and pollute the air.

[Video: Depiction of laboratory flask containing a dark colored viscous liquid]

[Super: Based On Reduction In Hydrocarbon Exhaust Emissions From Extra Refining Step. PNA Impurities Simulated]

What's Clear? If you use premium, now you have a reason to switch. Crystal clear. Crystal Clear Amoco Ultimate.

[Exhibit B]

Superscript appears on the screen for approximately 2.5 seconds.

C. A television advertisement for Amoco Silver:

Announcer: Hop into Amoco and take the Silver one tank test.

[Video: Depiction of dirty rabbit on top of full gas gauge]

Fill up with one Tankful of Amoco Silver; it'll clean up the filthiest fuel injectors. Not five tankfuls. Not three tankfuls. New and improved Amoco Silver with even more cleaning power does it in just one tankful or your money back.

[Video: Depiction of dirty rabbit becoming clean as fuel gauge goes to empty]

So take the Silver One Tank Test and bring back the acceleration. Bring back the power.

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Complaint

[Super: For your purchase of one tankful of Amoco Silver. Eight Gallon Minimum. See your Amoco dealer for details.]

Video tagline: BRING BACK THE POWER

[Exhibit C]

D. A television advertisement for Amoco Ultimate:

Announcer: It's your car. Your baby. Your one and only. Everything about it has to be as good as gold. And when you're runnin' on Amoco Ultimate, you're running clean. Amoco Ultimate is refined an extra step for quality. And like all Amoco gasolines, Ultimate cleans clogged fuel injectors in one tankful. To keep your entire fuel intake system running clean.

[Exhibit D]

E. A radio advertisement for Amoco Silver:

Bert: Can I help you sir?

Guy: I'm here to take your test

Bert: Oh, our Amoco Silver One-Tank-Test.

* * * *

Bert: Sir, sir, you want an empty gas tank so you can fill-up with Amoco Silver.

Guy: I guess now's as good a time as any to take the test.

* * * *

Bert: Look, just one tankful of new and improved Amoco Silver...

Guy: Yes?

Bert: ... can help solve dirty-engine problems.

Guy: Solve engine problems? Oh no, science.

Bert: Now with even more cleaning power...

Guy: Ooh.

Bert: ... Amoco Silver cleans your fuel injectors as simple as A-B-C.

Guy: A-B-C! I always pick "D" -- all of the above.

Bert: Amoco Silver cleans fuel injectors in one tankful, not five or three like some gasolines.

Guy: Wow.

Bert: Or Amoco pays you back for your purchase.

* * * *

[Exhibit E]

F. A radio advertisement for Amoco Ultimate:

* * * *

Engine: ... I'm a dirty little engine. OK? There I admit it!

Woman: And you want to clean up your act.

Engine: Well that's where you come in.

Woman: Me? (TO A GUEST) Be right with you! Now, what is it?

Engine: Just give me Amoco Ultimate

Woman: Change gasolines?

Engine: Exactly. One fill-up of Amoco Ultimate will clean up my clogged fuel injectors just like that. And I won't run as sluggish as I do now.

Woman: Well, there is something to be said for clean living. Engine Then give me the good stuff!

Woman: Listen to your engine. Not only does Amoco Ultimate clean clogged fuel injectors in one tankful, it keeps your entire fuel intake system running clean.

* * * *

[Exhibit F]

G. A television advertisement for Amoco Silver:

Announcer: Ever since Ed got his new car, Streaker the dog next door, has been racing him down the road. Regular unleaded gasoline was all Ed needed to teach this dog a few tricks.

[Video: Depiction of dog chasing a new car with the car ahead of the dog]

But around 15,000 miles, a car can start to lose acceleration.

'Cause regular unleaded gasoline may not be enough.

[Video: Depiction of odometer approaching 15,000 miles as car begins to slow down and dog catches up and passes car]

Now's the time to turn to Silver. Higher octane Amoco Silver can bring back the acceleration. Bring back the power

[Exhibit G]

H. A radio advertisement for Amoco Silver:

Announcer: Remember what happened when you pressed on the accelerator when your car was new? Remember?

It ran like the wind! Charged like a champ! Even on regular unleaded gasoline. But as you put on the miles, your engine's appetite for octane can grow. Your car can begin to act sluggish. Unresponsive. And sooner than you think, as early as 15,000 miles, your car can begin to lose acceleration. Regular unleaded may not be enough. That's the time to turn to Silver! Amoco Silver is a step up from pure regular unleaded gasoline. Its higher octane can bring back the power that was there when your car was brand new. Amoco Silver may be all you'll ever need to keep your car's engine running the way it was designed to run. Amoco Silver. Bring back the power.

[Exhibit H]

I. A print advertisement for Amoco Silver:

AROUND 15,000 MILES,
YOU'RE BOUND TO LOSE SOMETHING.
FORTUNATELY, CARS DON'T HAVE HAIR.

As we rack up the miles, most of us start to feel sluggish. We slow down. Hair starts to thin. With the exception of this last point, the same may be true of your car. In fact, after 15,000 miles or so, some cars may actually sustain a loss of power if they run on regular gasoline. At this point, you're ready for Silver. Higher octane Amoco Silver gasoline can bring back the acceleration, bring back the power. And while we can't do a thing for thinning hair, we can provide the fuel to properly blow it back.

YOU EXPECT MORE FROM A LEADER.
SILVER. BRING BACK THE POWER.

[Exhibit I]

PAR. 5. Through the use of the statements and depictions contained in the advertisements referred to in paragraph four, including but not necessarily limited to the advertisements attached as Exhibits A through I, respondent has represented, directly or by implication, that:

A. Amoco Ultimate gasoline is superior to all other brands of premium gasoline with respect to engine performance and environmental benefits because it is refined more than all other such brands.

B. The clear color of Amoco Ultimate gasoline demonstrates the superior engine performance and environmental benefits Amoco Ultimate provides compared to other premium brands of gasolines that are not clear in color.

C. A single tankful of Amoco Silver or Amoco Ultimate gasoline will make dirty or clogged fuel injectors clean.

D. Amoco Silver or Amoco Ultimate gasoline provides superior fuel injector cleaning compared to other brands of gasolines.

E. Automobiles driven more than 15,000 miles with regular gasoline generally suffer from lost engine power or acceleration which will be restored by the higher octane of Amoco Silver gasoline.

PAR. 6. Through the use of the statements contained in the advertisements referred to in paragraph four, including but not necessarily limited to the advertisements attached as Exhibits A through I, respondent has represented, directly or by implication, that at the time it made the representations set forth in paragraph five, respondent possessed and relied upon a reasonable basis that substantiated such representations.

PAR. 7. In truth and in fact, at the time it made the representations set forth in paragraph five, respondent did not possess and rely upon a reasonable basis that substantiated such representations. Therefore, the representation set forth in paragraph six was, and is, false and misleading.

PAR. 8. The acts and practices of respondent as alleged in this complaint constitute unfair or deceptive acts or practices in or affecting commerce in violation of section 5 (a) of the Federal Trade Commission Act.

Commissioner Starek recused.

Complaint

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EXHIBIT A

**RADIO
TV REPORTS**

41 East 42nd Street, New York, NY 10017 (212) 309-1400

PRODUCT: AMOCO ULTIMATE GASOLINE
TITLE: "BOY FLYING KITE"
PROGRAM: WORLD NEWS
STATION: ABC

EXHIBIT A

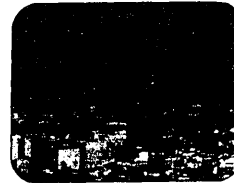
9/04/92 :30
(NEW YORK) 6:59PM



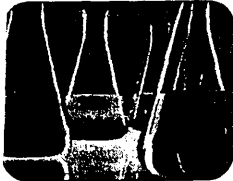
(MUSIC) ANNCR: What's clear?



Crystal clear Amoco Ultimate.



What isn't?



All other premium gasolines.



What's clear? Amoco Ultimate is the only premium



refined an extra step



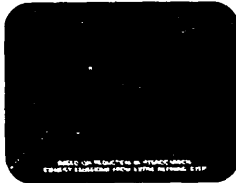
to remove harmful impurities.



Harmful impurities



you, as a premium user, don't want.



What's clear? Why do we do it?



For unsurpassed performance and a cleaner environment. Crystal clear.



Crystal clear Amoco Ultimate. (MUSIC OUT)

ALSO AVAILABLE IN COLOR VIDEO-TAPE CASSETTE

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Complaint

EXHIBIT B

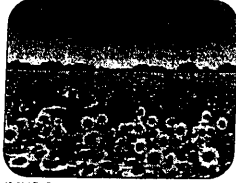
**RADIO
TVREPORTS**

41 East 42nd Street, New York, NY 10017 (212) 309-1400

PRODUCT: AMOCO ULTIMATE GASOLINE
TITLE: "WHAT'S CLEAR?"
PROGRAM: HARD COPY
STATION: CBS

EXHIBIT B

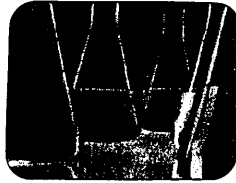
9/04/92 :30
(NEW YORK) 7:27PM



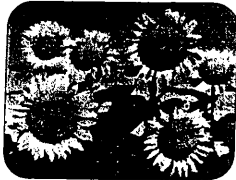
(MUSIC) ANNCR: What's clear?



Crystal clear Amoco Ultimate.
What isn't?



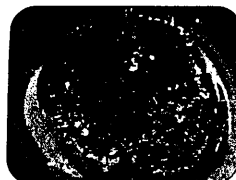
All other premium gasolines.



What's clear?



Amoco Ultimate is the only
premium



refined an extra step to remove
harmful impurities



other premiums leave in.



Impurities that can rob your engine



of performance and pollute the air.



What's clear? If you use premium.



now you have a reason to switch.
Crystal clear.



Crystal clear Amoco Ultimate.
(MUSIC OUT)

ALSO AVAILABLE IN COLOR VIDEO-TAPE CASSETTE

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EXHIBIT C

**RADIO
TVREPORTS**

41 East 42nd Street New York, NY 10017 (212) 309-1400

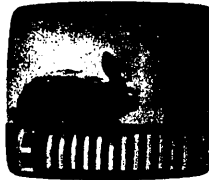
PRODUCT: AMOCO SILVER GASOLINE
TITLE: "TANK TEST"
PROGRAM: NEWS
STATION: WXYZ

EXHIBIT C

05/22/91 :30
(DETROIT) 6:36PM



(MUSIC) ANCCR: Hog into Amoco and take the Silver One Tank Test.



Fill up with one tankful of Amoco Silver;



it'll clean up the filthiest fuel injectors.



Not five tankfuls not three tankfuls.



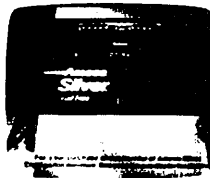
New and improved Amoco Silver with even more cleaning power



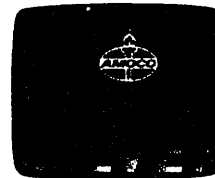
does it in just one tankful



or your money back.



So take the Silver One Tank Test and bring back the acceleration.



Bring back the power. (MUSIC OUT)

ALSO AVAILABLE IN COLOR VIDEO-TAPE CASSETTE

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Complaint

EXHIBIT D

EXHIBIT DAS PRODUCED 3/25/92**DMB&B**

Amoco Oil Co.

Gasoline

"Runnin' Clean/East/NY"

:30 SNA 3163

3/25/92 Rev. 3

JS:mo A02P002

AORCENY

TELEVISION CONTINUITY

VIDEO	AUDIO
WS BEACH W/WOMAN AT SUNSET MS WOMAN SITTING BY PONTIAC WOMAN DRIVING PONTIAC MAN WIPING STEERING WHEEL WS MAN W/PICK UP TRUCK	CHORUS: YOU'RE JUST AS GOOD AS GOLD
WOMAN DRIVING CAR (& HOOD)	ANNCR: It's your car. Your baby.
MOM & BALLERINAS (WS)	Your one and only.
CU ULTIMATE SIGNAGE CAR ON ROAD (FOREST)	Everything about it has to be as good as gold. And when you're runnin' on Amoco
CU ULTIMATE SIGNAGE & PUMP (PUMP DECAL: REFINED AN EXTRA STEP)	Ultimate, you're running
WOMAN DEALER FILLING CAR	clean. Amoco Ultimate is
CU WOMAN DEALER	refined an extra step for
CU ULTIMATE SIGNAGE	quality. And like all Amoco
CU WOMAN'S FACE SMILING WS CAR DRIVING	gasolines, Ultimate cleans
CU WOMAN DRIVING	clogged fuel injectors in
CU WOMAN SMILING	one tankful. To keep your
POV OF ROAD ZOOM/CU ULTIMATE SIGNAGE WOMAN ON BEACH W/SUPER (SUPER: YOU EXPECT MORE FROM A LEADER)	entire fuel intake system
	running clean.
	CHORUS: YOU'RE JUST AS GOOD AS GOLD
	(FADE OUT)

Complaint

121 F.T.C.

EXHIBIT E

DMB&BAS PRODUCEDEXHIBIT E

Amoco Oil Co.

Gasoline

"Nervous One Tank Test"

40 RA-185-60

10 9092 Rev. 7

US:bd AO1R374

AONOTT

RADIO CONTINUITY

SFX: GAS STATION DING DING

BERT: Can I help you, sir?

GUY: I'm here to take your test.

BERT: Oh, our Amoco Silver One-Tank-Test.

GUY: I've taken every test there is...the S.A.T., I.Q....

BERT: Sir, it's not that kind of test.

GUY: Got my number 2 pencils, 3-ring binder, and a good night's sleep.

BERT: Is your tank empty?

GUY: No, mommy always said have a big breakfast before a test. I had hash-browns, pancakes...

BERT: Sir, sir, you want an empty gas tank so you can fill-up with Amoco Silver.

GUY: I guess now's as good a time as any to take the test.

BERT: Well, that's true.

GUY: True? It's true/false. Good. That means I got a 20/20 chance.

BERT: Look, just one tankful of new and improved Amoco Silver...

GUY: Yes?

BERT: ...can help solve dirty-engine problems.

GUY: Solve engine problems? Oh no, science.

BERT: Now with even more cleaning power...

GUY: Don't.

BERT: ...Amoco Silver cleans your fuel injectors as simple as A-B-C.

EXHIBIT E

DMB&B

AS PRODUCED

Amoco Oil Co.
Headline
"Nervous One Tank Test"
Ad RA-085-80
10/9/82 Rev. 0
CS:bd AO1R374
AONOTT

RADIO CONTINUITY

GUY: A-B-C! I always pick "D" -- all of the above.

BERT: Amoco Silver cleans fuel injectors in one tankful, not five or three like some gasolines.

GUY: Wow.

BERT: Or Amoco pays you back for your purchase.

GUY: So, it's not True/False.

BERT: No.

GUY: Or multiple choice.

BERT: No.

GUY: Oh, no!

BERT: What?

GUY: Essay! Let me use your pen.

BERT: That's my tire-gauge, sir.

GUY: Well, let me use it anyway.

ANNCR: Take the one-tank-test by filling up with 8 gallons or more of engine-cleaning Amoco Silver.

Complaint

121 F.T.C.

EXHIBIT F

EXHIBIT

DMB&B

AS PRODUCED 4/12/91

Amoco Oil Co.

Ultimate

"The Party"

:60 RA-053-60

5/9/91 Rev. 6

PB:bd A01R378

AOTP

RADIO CONTINUITY

MUSIC: UNDER

SFX: SMALL GATHERING, VOICES IN BACKGROUND

ENGINE: Pardon me. Coming through.

WOMAN: You are one unbelievable engine! You climb out from under the hood and walk right into my party because you want to talk?

ENGINE: That's right. But I'm not sure...oh what the heck? I'm a dirty little engine. OK? There I admit it!

WOMAN: And you want to clean up your act.

ENGINE: Well that's where you come in.

WOMAN: Me? (TO A GUEST) Be right with you! Now, what is it?

ENGINE: Just give me Amoco Ultimate.

WOMAN: Change gasolines?

ENGINE: Exactly. One fill-up of Amoco Ultimate will clean up my clogged fuel injectors just like that.

SFX: SNAPS FINGERS

ENGINE: And I won't run as sluggish as I do now.

WOMAN: Well, there is something to be said for clean living.

ENGINE: Then give me the good stuff!

WOMAN: Listen to your engine. Not only does Amoco Ultimate clean clogged fuel injectors in one tankful, it keeps your entire fuel intake system running clean.

Complaint

EXHIBIT F

DMB&B

AS PRODUCED 4/12/91

RADIO CONTINUITY

Amoco Oil Co.

Ultimate

"The Party"

:60 RA-053-60

5/9/91 Rev. 6

PB:bd AO1R378

AOTP

ENGINE: (To party guest) Hey, buddy. You hear the one about the fan belt and the radia...

WOMAN: Hey! I thought you wanted to clean up your act!

ENGINE: Oh, right. Sorry.

BOWMAN: Amoco Ultimate. Your car knows.

Complaint

121 F.T.C.

EXHIBIT G

AS PRODUCED 7-2

DMB&B

TELEVISION CONTINUITY

Amoco Oil Co. EXHIBIT G

Silver Gasoline

"Odometer/Streaker/Long Copy

Rev."

:30 AO2T516

7/22/92 SNA 3323

AOOSLCR

VIDEO	AUDIO
MAN DRIVING CAR - DOG CHASING CAR CAR WAY AHEAD OF DOG	ANNCR: Ever since Ed got his new car, Streaker the dog next door, has been racing him down the road. Regular unleaded gasoline was all Ed needed to teach this dog a few tricks. But around 15,000 miles, a car can start to lose acceleration. 'Cause regular unleaded gasoline may not be enough. Now's the time to turn to Silver. Higher Octane Amoco Silver can bring back the acceleration. Bring back the power.
DOG CATCHES UP TO CAR AND PASSES CAR	SFX: <u>DOG BARK</u>
ODOMETER TURNS TO SILVER LETTERS	
CUT TO CU OF AMOCO SILVER PUMP	
CAR ACCELERATES WITH DOG IN CAR	
SUPER: YOU EXPECT MORE FROM A LEADER	

EXHIBIT H

EXHIBIT H



REVISED 3/14/91

Amoco Oil Co.
Silver
"Silver Symphony/Non-New"
150
A09R254 RA 956-60
3/14/91

RADIO CONTINUITY

ANNCR:	Remember what happened when you pressed on the accelerator when your car was new? Remember?
MUSIC:	<u>POWERFUL SYMPHONY (TCHAIKOVSKY)</u> It ran like the wind! Charged like a champ! Even on regular unleaded gasoline.
MUSIC:	<u>SEGUES...</u> But as you put on the miles, your engine's appetite for octane can grow.
MUSIC:	<u>TO A 2ND SYMPHONY, SLOWER IN PACE</u> Your car can begin to act sluggish. Unresponsive.
MUSIC:	<u>SEGUES...</u> And sooner than you think.
MUSIC:	<u>TO A 3RD SYMPHONY, GLOOM AND DOOM</u> as early as 15,000 miles, your car can begin to lose acceleration. Regular unleaded may not be enough.
MUSIC:	<u>SEGUES...</u> That's the time...
MUSIC:	<u>TO THE WILLIAM TELL OVERTURE</u> to turn to Silver!

Complaint

121 F.T.C.

EXHIBIT I

AS RECORDED IN FILE
DAVB&B
 CHANGED 3/12/90

Amoco Silver 30.

Silver

"Silver Symphony/Non New"

:60

3/14/91

AOR254

RA 956-60

RADIO CONTINUITY

ANNCR: Amoco Silver is a step up from pure regular unleaded gasoline.
 Its higher octane can bring back the power that was there when
 your car was brand new.
 Amoco Silver may be all you'll ever need to keep your car's
 engine running the way it was designed to run.

MUSIC: WILLIAM TELL REACHES CLIMAX
 Amoco Silver. Bring back the power.

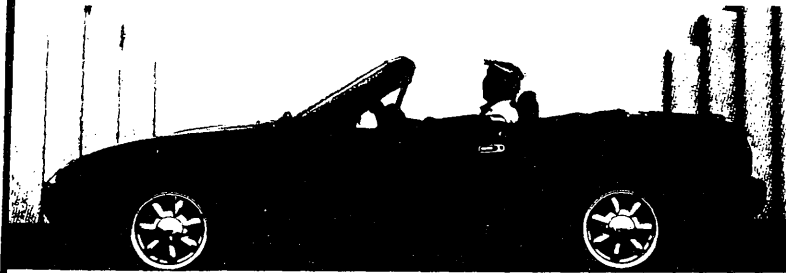
Complaint

EXHIBIT I

EXHIBIT I

AROUND 15,000 MILES,
YOU'RE BOUND TO LOSE
SOME THING.
FORTUNATELY CARS
DON'T HAVE HAIR.

As we rack up the miles, most of us start to feel sluggish. We slow down. Hair starts to thin. With the exception of this last point,



the same may be true of your car. In fact, after 15,000 miles or so, some cars may actually sustain a loss of power if they run on regular gasoline. At this point, you're ready for Silver. Higher octane Amoco Silver® gasoline can bring back the acceleration, bring back the power. And while we can't do a thing for thinning hair, we can provide the fuel to properly blow it back.



You Expect More From A Leader

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondent named in the caption hereof, and the respondent having been furnished thereafter with a copy of a draft of complaint which the Bureau of Consumer Protection proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge the respondent with violation of the Federal Trade Commission Act; and

The respondent, its attorney, and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondent of all the jurisdictional facts set forth in the aforesaid draft complaint, a statement that the signing of the agreement is for settlement purposes only and does not constitute an admission by respondent that the law has been violated as alleged in such complaint, or that the facts as alleged in such complaint, other than jurisdictional facts, are true, and waivers and other provisions as required by the Commission's Rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondent has violated the Act, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of sixty (60) days, now in further conformity with the procedure prescribed in Section 2.34 of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Amoco Oil Company, Inc. is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Maryland with its offices and principal place of business located at 200 East Randolph Drive, Chicago, Illinois.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondent, and the proceeding is in the public interest.

ORDER

I.

It is ordered, That respondent Amoco Oil Company, a corporation, its successors and assigns, and its officers, representatives, agents and employees, directly or through any corporation, subsidiary, division or other device, in connection with the advertising, labeling, offering for sale, sale or distribution of Amoco Silver 89 octane gasoline, Amoco Ultimate 92 or 93 octane gasoline, or any other gasoline in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from making any representation in any manner, directly or by implication, that:

(A) Amoco Ultimate gasoline is superior to all other brands of premium gasoline with respect to engine performance or environmental benefits because it is refined more than all other such brands;

(B) The clear color of Amoco Ultimate gasoline demonstrates the superior engine performance or environmental benefits Amoco Ultimate provides compared to other premium brands of gasolines that are not clear in color;

(C) A single tankful of Amoco Silver or Ultimate gasoline will make dirty or clogged fuel injectors clean;

(D) Amoco Silver or Ultimate gasoline provides superior fuel injector cleaning compared to other brands of gasoline;

(E) Automobiles driven more than 15,000 miles with regular gasoline generally suffer from lost engine power or acceleration which will be restored by the higher octane of Amoco Silver gasoline; or

(F) Concerns the relative or absolute attributes of any gasoline with respect to environmental benefits or with respect to engine performance, power, acceleration, or engine cleaning ability,

unless, at the time of making such representation, respondent possesses and relies upon competent and reliable scientific evidence that substantiates the representation. For purposes of this order, "competent and reliable scientific evidence" shall mean tests, analyses, research, studies, or other evidence based upon the

expertise of professionals in the relevant area, that has been conducted and evaluated in an objective manner by persons qualified to do so, using procedures generally accepted in the profession to yield accurate and reliable results.

For purposes of this Part, any representation, directly or by implication, that any gasoline will clean or clean up fuel injectors to a level that engine performance is not adversely affected will be deemed to be substantiated if respondent possesses and relies upon competent and reliable testing demonstrating that the flow rate of each fuel injector was returned to at least 95 percent of its original value.

Provided that, nothing in this order shall prohibit respondent from truthfully representing the numerical octane rating of any gasoline.

II.

It is further ordered, That respondent Amoco Oil Company, shall within thirty (30) days after service distribute a copy of this order to all operating divisions, subsidiaries, officers, managerial employees, and all of its employees or agents engaged in the preparation and placement of advertisements or promotional sales materials covered by this order and shall obtain from each such employee a signed statement acknowledging receipt of the order.

III.

It is further ordered, That for three (3) years after the last date of dissemination of any representation covered by this order, respondent Amoco Oil Company or its successors or assigns, shall maintain and upon request make available to the Federal Trade Commission or its staff for inspection and copying:

A. All materials that were relied upon to substantiate any representation covered by this order; and

B. All tests, reports, studies or surveys, in respondent's possession or control that contradict any representation covered by this order.

IV.

It is further ordered, That respondent Amoco Oil Company shall notify the Commission at least thirty (30) days prior to the effective date of any proposed change in the corporation that may affect compliance obligations under this order such as a dissolution, assignment or sale resulting in the emergence of a successor corporation(s), the creation or dissolution of subsidiaries or any other change in the corporation.

V.

It is further ordered, That this order will terminate on May 7, 2016, or twenty years from the most recent date that the United States or the Federal Trade Commission files a complaint (with or without an accompanying consent decree) in federal court alleging any violation of the order, whichever comes later; provided, however, that the filing of such a complaint will not affect the duration of:

A. Any paragraph in this order that terminates in less than twenty years;

B. This order's application to any respondent that is not named as a defendant in such complaint; and

C. This order if such complaint is filed after the order has terminated pursuant to this paragraph.

Provided further, that if such complaint is dismissed or a federal court rules that the respondent did not violate any provision of the order, and the dismissal or ruling is either not appealed or upheld on appeal, then the order will terminate according to this paragraph as though the complaint was never filed, except that the order will not terminate between the date such complaint is filed and the later of the deadline for appealing such dismissal or ruling and the date such dismissal or ruling is upheld on appeal.

VI.

It is further ordered, That respondent Amoco Oil Company shall, within sixty (60) days after service of this order upon it, and at such other times as the Commission may require, file with the Commission

a report, in writing, setting forth in detail the manner and form in which it has complied with this order.

Commissioner Starek recused.

IN THE MATTER OF

LITTON INDUSTRIES, INC.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
SEC. 7 OF THE CLAYTON ACT AND SEC. 5 OF THE
FEDERAL TRADE COMMISSION ACT

Docket C-3656. Complaint, May 7, 1996 -- Decision, May 7, 1996

This consent order requires, among other things, the California-based corporation to divest, within ninety days, PRC, Inc.'s \$40 million systems engineering and technical assistance contract for the Navy's Aegis destroyer program. If the divestiture is not completed as required, the Commission may appoint a trustee to finalize the divestiture.

Appearances

For the Commission: *Ann Malester, James Holden and William Baer.*

For the respondent: *Richard Parker and David Beddow, O'Melveny & Myers, Washington, D.C.*

COMPLAINT

The Federal Trade Commission ("Commission"), having reason to believe that respondent, Litton Industries, Inc. ("Litton"), a corporation subject to the jurisdiction of the Commission, has agreed to acquire all of the voting securities of PRC Inc. ("PRC"), a corporation subject to the jurisdiction of the Commission, in violation of Section 5 of the Federal Trade Commission Act ("FTC Act"), as amended, 15 U.S.C. 45, and that such acquisition, if consummated, would violate Section 7 of the Clayton Act, as amended, 15 U.S.C. 18, and Section 5 of the FTC Act, as amended, 15 U.S.C. 45; and it appearing to the Commission that a proceeding in respect thereof would be in the public interest, hereby issues its complaint, stating its charges as follows:

I. RESPONDENT

1. Respondent Litton is a corporation organized and existing under and by virtue of the laws of the State of Delaware, with its

principal executive offices located at 21240 Burbank Boulevard, Woodland Hills, California.

II. ACQUIRED COMPANY

2. PRC is a corporation organized and existing under and by virtue of the laws of the State of Delaware, with its principal executive offices located at 1500 Planning Research Boulevard, McLean, Virginia.

III. JURISDICTION

3. Litton and PRC are, and at all times relevant herein have been, engaged in commerce as "commerce" is defined in Section 1 of the Clayton Act, as amended, 15 U.S.C. 12, and are corporations whose business is in or affects commerce as "commerce" is defined in Section 4 of the Federal Trade Commission Act, as amended, 15 U.S.C. 44.

IV. THE ACQUISITION

4. On December 13, 1995, Litton and PRC entered into a Stock Purchase Agreement whereby Litton will acquire all of the issued and outstanding common shares of PRC for approximately \$425 million.

V. THE RELEVANT MARKETS

5. The relevant lines of commerce in which to analyze the effects of the acquisition are: (a) the research, development, manufacture and sale of Aegis destroyers for the United States Department of the Navy ("Aegis destroyers"); and (b) the provision of systems engineering and technical assistance services to the United States Department of the Navy's Aegis destroyer program ("SETA Services").

6. The United States is the relevant geographic area in which to analyze the effects of the acquisition in both relevant lines of commerce.

VI. STRUCTURE OF THE MARKETS

7. The market for the research, development, manufacture and sale of Aegis destroyers is highly concentrated as measured by the Herfindahl-Hirschmann Index ("HHI") or the two-firm and four-firm concentration ratios ("concentration ratios"). Respondent is one of only two producers of Aegis destroyers in the United States.

8. The market for SETA Services is highly concentrated as measured by the HHI or concentration ratios. PRC has been the only provider of SETA Services since the inception of the Aegis destroyer program.

9. Respondent, through the acquisition, would be engaged in both the research, development, manufacture and sale of Aegis destroyers and the provision of SETA Services.

VII. BARRIERS TO ENTRY

10. New entry into the market for the research, development, manufacture and sale of Aegis destroyers is difficult and unlikely.

11. New entry into the market for the provision of SETA Services is difficult and unlikely.

VIII. EFFECTS OF THE ACQUISITION

12. The effects of the acquisition, if consummated, may be substantially to lessen competition or to tend to create a monopoly in the relevant markets set forth above in 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, in the following ways, among others:

a. Respondent may gain access to competitively sensitive non-public information concerning the other Aegis destroyer manufacturer, so that actual competition between respondent and the other Aegis destroyer manufacturer will be reduced; and

b. Respondent may be in a position to disadvantage the other Aegis destroyer manufacturer, so that actual competition between respondent and the other Aegis destroyer manufacturers will be reduced.

IX. VIOLATIONS CHARGED

13. The acquisition described in paragraph four, 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 FTC Act, as amended, 15 U.S.C. 45.

14. The Stock Purchase Agreement described in paragraph four constitutes a violation of Section 5 of the FTC Act, as amended, 15 U.S.C. 45.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of the proposed acquisition by respondent of all of the assets and businesses of PRC Inc. ("PRC"), and the respondent having been furnished thereafter with a copy of a draft of complaint that the Bureau of Competition presented to the Commission for its consideration and which, if issued by the Commission, would charge respondent with violations 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; and

Respondent, its attorneys, and counsel for the Commission having thereafter executed an Interim Agreement and an Agreement containing a consent order, an admission by respondent of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said Agreement is for settlement purposes only and does not constitute an admission by respondent that the law has been violated as alleged in such complaint, or that the facts as alleged in such complaint, other than jurisdictional facts, are true and waivers and other provisions as required by the Commission's Rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondent has violated the said Acts, and that a complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and Interim Agreement and placed such Agreements on the public record for a period of sixty (60) days, now in further conformity with the procedure described in Section 2.34 of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings and enters the following order:

