

UNITED STATES DISTRICT COURT FOR
 THE SOUTHERN DISTRICT OF NEW YORK

)	
)	
UNITED STATES OF AMERICA,)	
)	
PLAINTIFF,)	
)	Civil Action No.
v.)	
)	
AIG TRADING CORPORATION;)	
BP EXPLORATION & OIL INC.; and)	
CARGILL INTERNATIONAL, S.A.)	
)	
DEFENDANTS.)	
)	

STIPULATION AND ORDER

WHEREAS, plaintiff, United States of America, having filed its complaint on July 1, 1997, and plaintiff and AIG Trading Corporation, BP Exploration & Oil, Inc. and Cargill International, S.A. ("defendants"), by their respective attorneys, having agreed to the entry of this stipulation and order without trial or adjudication of any issue of fact or law herein and without this stipulation and order constituting any evidence against or an admission by any party with respect to any such issue;

NOW, THEREFORE, before the taking of any testimony and without trial or adjudication of any issue of fact or law herein,

Plaintiff and defendants hereby agree as follows:

I.

JURISDICTION AND VENUE

This Court has jurisdiction over the subject matter of this action and over each of the parties consenting hereto. Venue is proper in the Southern District of New York.

II.

DEFINITIONS

As used in this stipulation and order:

A. "Brent contract" means a commercial transaction (i) calling for the delivery FOB at Sullom Voe, United Kingdom, of Brent blend crude oil, a crude oil produced in the North Sea, in cargo lots of 500,000 barrels (plus or minus a 5% operational tolerance at the buyer's option) on an unspecified day in a given month forward; (ii) where the seller is obligated to give notice, by 1700 hours London time, not less than fifteen (15) days prior to the first loading day, of a three day loading range within which the buyer must take delivery; (iii) at a price fixed at the time of that contract; (iv) with payment within thirty (30) days of the bill of lading date; and (v) the contract is governed by English law, with jurisdiction over disputes in the English courts, or should any of these terms be changed or amended, any successor contract for a future purchase of Brent blend crude oil.

B. "Brent spread contract" means a commercial transaction in which there is simultaneous: (i) purchase of a Brent contract for a given month forward; and (ii) sale of a Brent contract for a different month forward.

C. "CFD" means a commercial transaction involving the purchase of an instrument (a "Contract for Differences") the price of which is determined by the difference between: (i) the published price of a cargo of Brent blend crude oil already loaded or available to be loaded on a specified day ("dated Brent") and; (ii) the published price of a cargo of Brent blend crude oil available to be loaded on an unspecified day of the first month forward. The "published prices" referred to are those reported presently in Platt's Oilgram Price Report.

D. "Broker" means any person, other than a trader, who is regularly engaged in the business of providing, for remuneration, the service of locating buyers for prospective sellers, or sellers for prospective buyers, of Brent spread contracts or CFDs.

E. "Brokerage commission" means the amount of remuneration paid to a broker for arranging the purchase and sale of Brent spread contracts or CFDs by other persons.

F. "Person" means any individual, corporation, partnership, company, sole proprietorship, firm or other legal entity.

G. "Trader" means any person who, in the ordinary course of its business, purchases or sells Brent spread contracts or CFDs.

H. "Any" means one or more.

I. "Or" means and/or.

III.

APPLICABILITY

This stipulation and order applies to each defendant; to each of its executive officers, directors, successors and assigns, during the respective periods that they serve as such; and to any agents and employees assigned to purchase or sell any Brent spread contracts or CFDs or assigned to supervise the purchases and sale of such contracts.

IV.

PROHIBITED CONDUCT

Each defendant shall not, directly or indirectly:

(A) agree with any other trader unrelated to such defendant to (1) fix, lower, raise, stabilize or maintain any brokerage commission for Brent spread contracts and CFDs or (2) exchange any information for that purpose; and

(B) request or advise any other trader unrelated to such defendant to lower, raise or change any brokerage commission for Brent spread contracts and CFDs to be paid by it.

V.

LIMITING CONDITIONS

A. Notwithstanding the provisions of Section IV, any defendant shall be entitled to:

(1) Engage in any communication or other contact with any trader when such action is taken: (a) to propose, negotiate, agree to, modify, execute or

cancel a purchase or sale of a Brent spread contract or CFD with such trader as counter party or co-venturer; or (b) to allocate between the defendant and such trader responsibility for payment or negotiation of brokerage commissions relating to such purchase or sale.

(2) Engage in any communication or other contact with a broker when such action is taken: (a) to propose, negotiate, agree to, modify, execute or cancel a purchase or sale of a Brent spread contract(s) or CFD(s) concerning which such broker may or will receive a brokerage commission; or (b) propose, negotiate, agree to, or modify a brokerage commission or commissions.

(3) Engage in any activity concerning the payment of a brokerage commission that is required or authorized by the constitution, bylaws, rules, regulations, resolutions or laws governing any market, whether now existing or hereafter established, which is or may become subject to the jurisdiction of either: (a) the Commodity Futures Trading Commission; or (b) any government agency or self regulatory organization whose responsibilities, pursuant to the laws of the United States of America, include authority with respect to the purchase and sale of Brent contracts, Brent spread contracts, or CFDs.

(4) Engage in any activity concerning the payment of a brokerage commission to any broker located in a foreign country that is required or authorized by the constitution, bylaws, rules, regulations, resolutions or laws governing any market, whether now existing or heretofore established, subject to the jurisdiction of either: (a) the International Petroleum Exchange or (b) any government agency or self regulatory organization whose responsibilities, pursuant to the laws of any

foreign country, include authority with respect to the purchase or sale of Brent contracts, Brent spread contracts, or CFDs.

(5) Engage in any activity concerning the payment of a brokerage commission to any broker located in the United States that is required or authorized by the constitution, bylaws, rules, regulations or laws governing any market, whether now or hereafter established, subject to the jurisdiction of either (a) the International Petroleum Exchange or (b) any government agency or self-regulatory organization whose responsibilities pursuant to the laws of any foreign country include authority with respect to the purchase or sale of Brent contracts, Brent spread contracts or CFDs, provided that, if the activity is otherwise prohibited by Section IV, the plaintiff has not objected to such proposed activity within sixty (60) days following written notice to the New York Office of the Antitrust Division of the United States Department of Justice by a defendant of an intention to engage in such activity.

B. Nothing in this stipulation and order shall prohibit defendants from engaging in any activity lawful under the Foreign Trade Antitrust Improvements Act, 15 U.S.C. §6a.

C. No finding of any violation of this stipulation and order may be made based solely on parallel conduct.

VI.

COMPLIANCE PROGRAM

In order to ensure compliance with the provisions of Section IV of the stipulation and order:

(A) Each defendant shall maintain an antitrust compliance program which shall include designating, within sixty (60) days of entry of this stipulation and order, an Antitrust Compliance Officer with responsibility for implementing the antitrust compliance program and achieving full compliance with this stipulation and order. The Antitrust Compliance Officer shall, on a continuing basis, supervise the review of the current and proposed activities of his or her defendant company to ensure that it complies with this stipulation and order.

(B) The Antitrust Compliance Officer shall, on a continuing basis, be responsible for the following:

(1) Distributing, within thirty (30) days from the effective date hereof, a copy of this stipulation and order to each of the officers and employees of the defendant whose duties or responsibilities include determining, changing, proposing, approving, disapproving or implementing any brokerage commission.

(2) Distributing in a timely manner a copy of this stipulation and order to any officer or employee who succeeds to a position described in Section VI

(B) (1).

(3) Briefing annually those persons who shall then have the duties identified in Section VI (B) (1) or (2) on the meaning and requirements of this stipulation and order and of the antitrust laws, and advising them that the

defendant's legal advisors are available to confer with them regarding compliance with both the stipulation and order and the antitrust laws.

(4) Obtaining from each person who shall then have the duties identified in Section VI (1) or (2), an annual written certification that he or she: (i) has read, understands, and agrees to abide by the terms of this stipulation and order; (ii) is not aware of any violation of this stipulation and order that has not been reported to the Antitrust Compliance Officer; and (iii) has been advised and understands that his or her failure to comply with this stipulation and order may result in an enforcement action for civil or criminal contempt of court against the defendant or any other person who violates this stipulation and order.

(5) Maintaining (i) a record of all certifications received pursuant to Section VI (B) (4); (ii) a file of all documents in existence at the commencement of and related to any investigation by the Antitrust Compliance Officer of any alleged violation of this stipulation and order; and (iii) a record of all non-privileged communications generated after the commencement of any such investigation and related to any such alleged violation, which shall identify the date and place of the communication, the persons involved, the subject matter of the communication, and the results of any related investigation.

(C) If a defendant's Antitrust Compliance Officer learns of any violations of any of the terms and conditions contained in this stipulation and order that defendant shall immediately take appropriate action to terminate or modify the activity so as to comply with this stipulation and order.

VII.

CERTIFICATION

A. Within seventy-five (75) days after the entry of this stipulation and order, each defendant shall certify to the plaintiff whether it has designated an Antitrust Compliance Officer and has distributed the stipulation and order in accordance with Section VI (B) above.

B. For five (5) years after the entry of this stipulation and order, on or before its anniversary date, each defendant shall file with the plaintiff an annual statement as to the fact and manner of its compliance with the provisions of Section VI.

VIII.

PLAINTIFF ACCESS

A. For the sole purpose of determining or securing compliance with this stipulation and order, and subject to any legally recognized privilege or work product protection, from time to time duly authorized representatives of the Department of Justice shall, upon written request of the Attorney General or of the Assistant Attorney General in charge of the Antitrust Division, and on reasonable notice to any defendant at its principal office, be permitted:

(1) Access during office hours of such defendant, which may have counsel present, to inspect and copy (or to require the defendants to produce copies of) all records, documents, and tape recordings in the possession or under the control of such defendant, and which relate to compliance with this stipulation and order; and

(2) Subject to the reasonable convenience of such defendant and without restraint or interference from the defendant, to interview officers, employees, or agents of such defendant, each of whom may have counsel present, regarding compliance with this stipulation and order.

B. Upon the written request of the Attorney General or the Assistant Attorney General in charge of the Antitrust Division made to any defendant, such defendant shall prepare and submit such written reports, under oath if requested, relating to defendant's compliance with this stipulation and order as may be requested.

C. No information, tape recordings, or documents obtained by the means provided in Sections VI, VII, and VIII shall be divulged by plaintiff to any person other than a duly authorized representative of the Executive Branch of the United States, except in the course of legal proceedings to which the United States is a party, or for the purpose of securing compliance with this stipulation and order, or as otherwise required by law.

D. If at the time information, tape recordings, or documents are furnished by any defendant to plaintiff, such defendant represents and identifies in writing the material in any such information or documents to which a claim of protection may be asserted under Rule 26 (c) (7) of the Federal Rules of Civil Procedure and said defendant marks each page of such material, "Subject to Claims of Protection under Rule 26 (c) (7) of the Federal Rules of Civil Procedure," then plaintiff shall give ten (10) business days notice to such defendant at its Office of General Counsel

prior to divulging such material in any legal proceeding (other than a grand jury proceeding) to which that defendant is not a party.

IX.

RESCISSION BY PLAINTIFF

The parties agree that the Court may enter this stipulation and order, upon motion of any party or upon the Court's own motion, at any time after compliance with the requirements of the Antitrust Procedures and Penalties Act, 15 U.S.C. § 16, and without further notice to any party or other proceedings, provided that the plaintiff has not notified the parties and the Court that it wishes to rescind its agreement to entry of the stipulation and order. Plaintiff may rescind its agreement to entry of the stipulation and order at any time before entry of the stipulation and order by the Court by serving notice thereof on the defendants and by filing that notice with the Court. In the event plaintiff rescinds its agreement to entry of the stipulation and order, the stipulation and order shall be of no effect whatever, and the agreement among the parties shall be without prejudice to any party in this or any other proceeding.

X.

JURISDICTION RETAINED

Jurisdiction shall be retained by the Court to enable any of the parties to this stipulation and order to apply at any time for such further orders and directions as may be necessary or appropriate for the construction or implementation of this

stipulation and order, for the enforcement or modification of any of its provisions, or for punishment by contempt.

XI.

EXPIRATION OF STIPULATION AND ORDER

This stipulation and order shall expire ten (10) years from its date of entry by the Court.

FOR PLAINTIFF
UNITED STATES OF AMERICA:

JOEL I. KLEIN (JK-3481)
Acting Assistant Attorney General

A. DOUGLAS MELAMED (AM-4601)
Principal Deputy Assistant
Attorney General

REBECCA P. DICK (RD-5481)
Deputy Director of Operations

RALPH T. GIORDANO (RG-0114)
Chief, New York Office

PHILIP F. CODY (PC-3521)

JOHN J. GREENE (JG-8281)

EDWARD FRIEDMAN (EF-0245)

JOHN W. McREYNOLDS (JM-0441)

Attorneys
U.S. Department of Justice
Antitrust Division
26 Federal Plaza, Room 3630
New York, New York 10278
(212) 264-0390

FOR DEFENDANTS:

PAUL, WEISS, RIFKIND,
WHARTON & GARRISON

BY: _____
Daniel J. Beller
(DB-7312)

1285 Avenue of the Americas
New York, New York 10019-6064
Tel: (212) 373-3000

Attorneys for AIG Trading
Corporation

SULLIVAN & CROMWELL

BY: _____
Garrard R. Beeney
(GB-1345)

125 Broad Street
New York, New York 10004-2498
Tel: (212) 558-4000

Attorneys for BP Exploration
& Oil Inc.

HOWREY & SIMON

BY: _____
Margaret H. Fitzsimmons
(MF-3327)

1299 Pennsylvania Avenue, N.W.
Washington, D.C. 20004
Tel: (202) 783-0800

Attorneys for Cargill International,
S.A.

ORDER OF THE COURT

The Court having reviewed the Complaint and other filings by the United States, having found that this Court has jurisdiction over the parties to this stipulation and order, having heard and considered the respective positions of the United States and the defendants [at a hearing on _____] and having concluded that entry of this stipulation and order is in the public interest, it is hereby ORDERED:

THAT the parties comply with the terms of this stipulation and order;

THAT the Complaint of the United States is dismissed with prejudice;

THAT the Court retains jurisdiction to enable any of the parties to this stipulation and order to apply to the Court at any time for such further orders and directions as may be necessary or appropriate for the construction or implementation of this stipulation and order, for the enforcement or modification of any of its provisions, or for punishment by contempt.

SO ORDERED this ____ day of _____, 1997

UNITED STATES DISTRICT COURT JUDGE