

ANALYSIS OF PROPOSED
CONSENT ORDER TO AID PUBLIC COMMENT

The Federal Trade Commission has accepted an agreement to a proposed consent order from Reuters America Inc. ("Reuters"), which is located in New York City.

The proposed consent order has been placed on the public record for sixty (60) days for reception of comments by interested persons. Comments received during this period will become part of the public record. After sixty (60) days, the Commission will again review the agreement and decide whether it should withdraw from the agreement or make final the agreement's proposed order.

The complaint alleges that Reuters engaged in acts and practices that have unreasonably restrained competition in the news transcript business in violation of Section 5 of the Federal Trade Commission Act. News transcripts are fast turnaround verbatim transcripts of a variety of news events primarily involving the federal government.

The complaint alleges that from 1988 through May 1993, Reuters and Federal News Service Group, Inc. ("FNS"), the dominant sellers of news transcripts, directly competed with each other for customers. The news transcripts sold by Reuters were produced by News Transcripts Inc. ("NTI"), and Reuters had the exclusive right to market these news transcripts.

The complaint alleges that by May 1993, Reuters and FNS agreed that Reuters would not sell news transcripts to FNS's

customers; Reuters would sell FNS-produced news transcripts; Reuters would not produce or sell any news transcripts that compete with FNS-produced news transcripts for the term of their supply agreement plus five years; and Reuters would sell news transcripts at or above the minimum price of \$500 per month.

The complaint further alleges that Reuters, in concert with FNS, induced NTI to cease producing news transcripts and not to compete with FNS. The complaint alleges that the effect of these agreements was to unreasonably restrain competition in the production and sale of news transcripts. The complaint alleges that after FNS became the sole producer of news transcripts, many customers of FNS received price increases.

The complaint also alleges that Reuters assisted FNS in obtaining a database reseller's agreement to raise the price of the reseller's news transcript database. The reseller raised its price to assure its continued supply of FNS-produced news transcripts.

Reuters has signed a proposed consent agreement that prohibits it from agreeing to or attempting to agree to allocate customers or divide markets with any provider of news transcripts. For a five year period, the proposed consent agreement also prohibits Reuters from entering into any agreements with FNS for the supply of news transcripts or for the purchase or sale of news transcript customer contracts or accounts. Additionally, the proposed consent agreement prohibits Reuters from entering into any agreement with FNS that prevents

Reuters from competing in the production, marketing, or sale of news transcripts. Finally, the proposed consent order prohibits Reuters from entering into any agreements with any news transcript competitor or reseller that fix the resale prices for news transcripts.

The purpose of this analysis is to facilitate public comment on the proposed order, and it is not intended to constitute an official interpretation of the terms of the agreement and proposed order or to modify in any way their terms.