

activities will be conducted throughout the United States.

Unless otherwise noted, comments regarding each of these applications must be received at the Reserve Bank indicated or the offices of the Board of Governors not later than December 3, 1998.

A. Federal Reserve Bank of Philadelphia (Michael E. Collins, Senior Vice President) 100 North 6th Street, Philadelphia, Pennsylvania 19105-1521:

1. *Sun Bancorp*, Vineland, New Jersey; to acquire 100 percent of the voting shares of Sun National Bank, Delaware, Wilmington, Pennsylvania.

B. Federal Reserve Bank of Cleveland (Paul Kaboth, Banking Supervisor) 1455 East Sixth Street, Cleveland, Ohio 44101-2566:

1. *Fifth Third Bancorp*, Cincinnati, Ohio; to merge with Ashland Bankshares, Inc., Ashland, Kentucky, and thereby indirectly acquire Bank of Ashland, Inc., Ashland, Kentucky.

C. Federal Reserve Bank of Richmond (A. Linwood Gill III, Assistant Vice President) 701 East Byrd Street, Richmond, Virginia 23261-4528:

1. *Union Bankshares Corporation*, Bowling Green, Virginia; to acquire 100 percent of the voting shares of The Bank of Williamsburg, Williamsburg, Virginia (in organization).

D. Federal Reserve Bank of San Francisco (Maria Villanueva, Manager of Analytical Support, Consumer Regulation Group) 101 Market Street, San Francisco, California 94105-1579:

1. *Norwest Corporation*, Minneapolis, Minnesota; *Norwest Financial Services, Inc.*, Des Moines, Iowa; and *Norwest Financial, Inc.*, Des Moines, Iowa; to convert Dial National Bank, Des Moines, Iowa, which currently operates as a credit card bank, pursuant to § 4(c)(8) of the Bank Holding Company Act.

Board of Governors of the Federal Reserve System, November 3, 1998.

Robert deV. Frierson,

Associate Secretary of the Board.

[FR Doc. 98-29895 Filed 11-6-98; 8:45 am]

BILLING CODE 6210-01-F

FEDERAL RESERVE SYSTEM

Notice of Proposals to Engage in Permissible Nonbanking Activities or to Acquire Companies that are Engaged in Permissible Nonbanking Activities

The companies listed in this notice have given notice under section 4 of the Bank Holding Company Act (12 U.S.C. 1843) (BHC Act) and Regulation Y, (12 CFR Part 225) to engage *de novo*, or to acquire or control voting securities or

assets of a company, including the companies listed below, that engages either directly or through a subsidiary or other company, in a nonbanking activity that is listed in § 225.28 of Regulation Y (12 CFR 225.28) or that the Board has determined by Order to be closely related to banking and permissible for bank holding companies. Unless otherwise noted, these activities will be conducted throughout the United States.

Each notice is available for inspection at the Federal Reserve Bank indicated.

The notice also will be available for inspection at the offices of the Board of Governors. Interested persons may express their views in writing on the question whether the proposal complies with the standards of section 4 of the BHC Act.

Unless otherwise noted, comments regarding the applications must be received at the Reserve Bank indicated or the offices of the Board of Governors not later than November 23, 1998.

A. Federal Reserve Bank of San Francisco (Maria Villanueva, Manager of Analytical Support, Consumer Regulation Group) 101 Market Street, San Francisco, California 94105-1579:

1. *Norwest Corporation*, Minneapolis, Minnesota; *Norwest Financial Services, Inc.*, Des Moines, Iowa; and *Norwest Financial, Inc.*, Des Moines, Iowa; to acquire Mid-Penn Consumer Discount Co., Philadelphia, Pennsylvania, and thereby engage in lending activities, pursuant to § 225.28(b)(1) of Regulation Y.

Board of Governors of the Federal Reserve System, November 3, 1998.

Robert deV. Frierson,

Associate Secretary of the Board.

[FR Doc. 98-29894 Filed 11-6-98; 8:45 am]

BILLING CODE 6210-01-F

FEDERAL RESERVE SYSTEM

Sunshine Act Meeting

TIME AND DATE: 9:00 a.m., Thursday, November 12, 1998.

PLACE: Marriner S. Eccles Federal Reserve Board Building, 20th and C Streets, N.W., Washington, D.C. 20551.

STATUS: Closed.

MATTERS TO BE CONSIDERED:

1. Personnel actions (appointments, promotions, assignments, reassignments, and salary actions) involving individual Federal Reserve System employees.

2. Any matters carried forward from a previously announced meeting.

CONTACT PERSON FOR MORE INFORMATION: Lynn S. Fox, Assistant to the Board; 202-452-3204.

SUPPLEMENTARY INFORMATION: You may call 202-452-3206 beginning at approximately 5 p.m. two business days before the meeting for a recorded announcement of bank and bank holding company applications scheduled for the meeting; or you may contact the Board's Web site at <http://www.federalreserve.gov> for an electronic announcement that not only lists applications, but also indicates procedural and other information about the meeting.

Dated: November 5, 1998.

Robert deV. Frierson,

Associate Secretary of the Board.

[FR Doc. 98-30065 Filed 11-5-98; 11:37 am]

BILLING CODE 6210-01-P

FEDERAL TRADE COMMISSION

[File No. 9810254]

Koninklijke Ahold NV, et al.; Analysis to Aid Public Comment

AGENCY: Federal Trade Commission.

ACTION: Proposed Consent Agreement.

SUMMARY: The consent agreement in this matter settles alleged violations of federal law prohibiting unfair or deceptive acts or practices or unfair methods of competition. The attached Analysis to Aid Public Comment describes both the allegations in the draft complaint that accompanies the consent agreement and the terms of the consent order—embodied in the consent agreement—that would settle these allegations.

DATES: Comments must be received on or before January 8, 1999.

ADDRESSES: Comments should be directed to: FTC/Office of the Secretary, Room 159, 6th St. and Pa. Ave., N.W., Washington, D.C. 20580.

FOR FURTHER INFORMATION CONTACT: William Baer or James Fishkin, FTC/H-374, Washington, D.C. 20580. (202) 326-2932 or 326-2663.

SUPPLEMENTARY INFORMATION: Pursuant to Section 6(f) of the Federal Trade Commission Act, 38 Stat. 721, 15 U.S.C. 46 and Section 2.34 of the Commission's Rules of Practice (16 CFR 2.34), notice is hereby given that the above-captioned consent agreement containing a consent order to cease and desist, having been filed with and accepted, subject to final approval, by the Commission, has been placed on the public record for a period of sixty (60) days. The following Analysis to Aid Public Comment describes the terms of the consent agreement, and the allegations in the complaint. An electronic copy of the

full text of the consent agreement package can be obtained from the FTC Home Page (for October 20, 1998), on the World Wide Web, at "http://www.ftc.gov/os/actions97.htm." A paper copy can be obtained from the FTC Public Reference Room, Room H-130, Sixth Street and Pennsylvania Avenue, N.W., Washington, D.C. 20580, either in person or by calling (202) 326-3627. Public comment is invited. Such comments or views will be considered by the Commission and will be available for inspection and copying at its principal office in accordance with Section 4.9(b)(6)(ii) of the Commission's Rules of Practice (16 CFR 4.9(b)(6)(ii)).

Analysis of the Proposed Consent Order, Asset Maintenance Agreement, and the Draft Complaint To Aid Public Comment

I. Introduction

The Federal Trade Commission ("Commission") has accepted for public comment from Koninklijke Ahold nv ("Ahold"), Giant Good Inc. ("Giant"), and The 1244 Corporation ("1224") (collectively "the proposed Respondents") an Agreement Containing Consent Order ("the proposed consent order") and an Asset Maintenance Agreement. The proposed Respondents have also reviewed a draft complaint contemplated by the Commission. The proposed consent order is designed to remedy likely anticompetitive effects arising from Ahold's proposed acquisition of all of the Class AC voting stock of Giant from 1224 and all of the Class A non-voting common stock of Giant for \$43.50 per share for cash. Respondent 1224 owns all of the Class AC voting stock of Giant, which elects five of the nine directors of Giant.

II. Description of the Parties and the Proposed Acquisition

Ahold, headquartered in Zaandam, The Netherlands, is one of the world's largest supermarket firms, operating approximately 3,000 stores in Europe, North and South America, and Asia. In the United States, Ahold is the seventh largest supermarket chain. Ahold has acquired nine supermarket chains during the 1980s and 1990s: Top's, Stop & Shop, BI-LO, Giant Food Stores, Edwards, Mel's Markets, Mayfair, Red Food, and Finast. Ahold had \$14.29 billion in U.S. revenues in the fiscal year that ended on December 28, 1997. The acquisition of Giant would make Ahold the fifth largest supermarket firm in the United States.

Today, Ahold operates Ahold USA, Inc., a wholly-owned subsidiary, and,

through various restructurings, four wholly-owned regional supermarket firms: BI-LO, Inc., Top's Markets, Inc., Giant Food Stores, Inc. ("Giant-Carlisle"), and The Stop & Shop Companies, Inc. Ahold's supermarkets that directly compete against Giant's supermarkets are part of the Giant-Carlisle division. The Giant-Carlisle division operates supermarkets in Maryland under the "Martin's" trade name and in Pennsylvania under the "Giant" trade name.

Giant, a Delaware corporation headquartered in Landover, Maryland, is the fifteenth largest supermarket chain in the United States and one of the nation's premier regional supermarket chains. Giant operates 179 supermarkets and three free-standing drug stores in Virginia, Maryland, Delaware, New Jersey, Pennsylvania, and the District of Columbia. Giant operates supermarkets under the "Giant" trade name in Maryland, Virginia, and the District of Columbia, and supermarkets under the "Super G" trade name in Delaware, New Jersey, and Pennsylvania. Giant had \$4.23 billion in total sales for the fiscal year that ended on February 28, 1998.

Ahold proposes to acquire all of the Class AC and Class AL voting stock, and all of the outstanding Class A common stock of Giant, for approximately \$2.7 billion. 1224, formed in 1995 after the death of Israel Cohen, the former Chairman and CEO of Giant, owns all of the Class AC voting stock of Giant, which elects five of the nine board seats. J Sainsbury, plc, a British firm that also owns the Massachusetts-based Shaw's supermarket chain, owns the Class AL voting shares, which elects four of the nine board seats. The Class A common stock is publicly traded.

III. The Draft Complaint

The draft complaint alleges that the relevant line of commerce (i.e., the product market) is the retail sale of food and grocery items in supermarkets. Supermarkets provide a distinct set of products and services for consumers who desire to one-stop shop for food and grocery products. Supermarkets carry a full line and wide selection of both food and nonfood products (typically more than 10,000 different stock-keeping units ("SKUs")), as well as a deep inventory of those SKUs. In order to accommodate the large number of food and nonfood products necessary for one-stop shopping, supermarkets are large stores that typically have at least 10,000 square foot of selling space.

Supermarkets compete primarily with other supermarkets that provide one-stop shopping for food and grocery

products. Supermarkets primarily base their food and grocery prices on the prices of food and grocery products sold at nearby supermarkets. Supermarkets do not regularly price-check food and grocery products sold at other types of stores, and do not significantly change their food and grocery prices in response to prices at other types of stores. Most consumers shopping for food and grocery products at supermarkets are not likely to shop elsewhere in response to a small price increase by supermarkets.

Retail stores other than supermarkets that sell food and grocery products, such as neighborhood "mom & pop" grocery stores, convenience stores, specialty food stores (e.g., seafood markets, bakeries, etc.), club stores, military commissaries, and mass merchants, do not effectively constrain prices at supermarkets. These other stores operate significantly different retail formats. None of these stores offers a supermarket's distinct set of products and services that enable consumers to one-stop shop for food and grocery products.

According to the draft complaint, the relevant sections of the country (i.e., the geographic markets) in which to analyze the acquisition are the areas in and near the following cities and towns: (a) Bel Air, Maryland; (b) Eldersburg, Maryland; (c) Frederick, Maryland; (d) Westminster, Maryland; (e) Hilltown, Pennsylvania; (f) Norristown, Pennsylvania; (g) Warminster, Pennsylvania, and (h) Yardley, Pennsylvania.

Ahold and Giant are actual and direct competitors in and near Bel Air, Eldersburg, Frederick, Westminster, Norristown, Warminster, and Yardley. Ahold is an actual potential competitor against Giant in and near the Hilltown relevant market. But for the acquisition, Ahold and Giant would become direct competitors in the Hilltown relevant market. The acquisition will eliminate that competition.

According to the draft complaint, the Bel Air, Eldersburg, Frederick, Westminster, Norristown, Warminster, and Yardley relevant markets are highly concentrated, whether measured by the Herfindahl-Hirschman Index (commonly referred to as "HHI") or by two-firm and four-firm concentration ratios.¹ The acquisition would substantially increase concentration in each market. Ahold and Giant would have a combined market share of near or greater than 35% in each geographic market. The post-

¹ The HHI is a measurement of market concentration calculated by summing the squares of the individual market shares of all the participants.

acquisition HHIs in the geographic markets range from 3,008 to 6,716.

The draft complaint further alleges that the Hilltown relevant market is also highly concentrated. The market will remain highly concentrated as a result of this acquisition, and will be significantly more concentrated than it would have been but for the acquisition.

According to the draft complaint, entry is difficult and would not be timely, likely, or sufficient to prevent anticompetitive effects in the relevant geographic markets.

According to the draft complaint, Ahold's proposed acquisition of the Class AC voting stock of Giant from 1224, and the Class A non-voting common stock of Giant, if consummated, may substantially lessen competition in the relevant markets 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, by eliminating direct competition between supermarkets owned or controlled by Ahold and supermarkets owned or controlled by Giant, by eliminating actual potential competition between supermarkets owned or controlled by Ahold and supermarkets owned or controlled by Giant; by increasing the likelihood that Ahold will unilaterally exercise market power; and by increasing the likelihood of, or facilitating, collusion or coordinated interaction among the remaining supermarket firms. Each of these effects increases the likelihood that the prices of food, groceries or services will increase, and the quality and selection of food, groceries or services will decrease, in the relevant sections of the country.

IV. Terms of the Agreement Containing Consent Order ("the Proposed Consent Order")

The proposed consent order will remedy the Commission's competitive concerns about the proposed acquisition. Under the terms of the proposed consent order, the proposed Respondents must divest ten specific supermarkets in the relevant markets. Four of the supermarkets that the proposed Respondents must divest are currently owned and operated by Ahold (all operating under the "Martin's" banner), and six of the supermarkets are currently owned and operated by Giant (of which one operates under the "Giant" banner and five operate under the "Super G" banner). The proposed Respondents must divest: (1) the Ahold "Martin's" in Bel Air, Maryland, to Fleming Companies, Inc. ("Fleming"), the second largest supermarket

wholesaler in the United States and an operator of many company-owned supermarkets; (2) the two Ahold "Martin's" supermarkets in Frederick, Maryland, to Frederick County Foods LLC ("Frederick County Foods"), an independent operator affiliated with Supervalu Inc. ("Supervalu"), (3) the Ahold "Martin's" supermarket in Westminster, Maryland, to Richfood Holdings, Inc.'s ("Richfood") Food-A-Rama division, a wholly-owned subsidiary that operates Richfood's "Metro" supermarkets based in Baltimore; (4) Giant's "Giant" supermarket in Eldersburg, Maryland, to Safeway Inc. ("Safeway"), the second largest supermarket chain in the United States and a major supermarket chain in Maryland; and (5) five of Giant's "Super G" supermarkets in Pennsylvania to Supervalu, the largest wholesaler to supermarkets and the thirteenth largest retail operator of supermarkets in the United States. These divestitures include every Ahold supermarket or every Giant supermarket in each relevant market. Each upfront buyer owns no supermarkets in the same market where it is acquiring one or more divested supermarkets from the proposed Respondents. The specific supermarkets that the proposed Respondents must divest to Fleming, Frederick County Foods, Richfood, Safeway, and Supervalu are listed below.

The supermarket that the proposed Respondents must divest to Fleming in accordance with the agreement between Ahold and Fleming dated September 12, 1998, is the following:

1. Ahold store no. 114 operating under the "Martin's Food Market" trade name, located at 550 West McPhail Road, Bel Air, Maryland 21014 (Harford County).

The two supermarkets that the proposed Respondents must divest to Frederick County Foods in accordance with the agreement between Ahold and Frederick County Foods dated September 11, 1998, are the following:

1. Ahold store no. 40 operating under the "Martin's Food Market" trade name, located at 66 Waverly Drive in the Frederick Towne Mall Shopping Center, Frederick, Maryland 21701 (Frederick County); and

2. Ahold store no. 96 operating under the "Martin's Food Market" trade name, located at 1305 West 7th Street in the Frederick Shopping Center, Frederick, Maryland 21701 (Frederick County).

The supermarket that the proposed Respondents must divest to Richfood in accordance with the agreement between Ahold and Richfood dated September 14, 1998, is the following:

1. Ahold store no. 36 operating under the "Martin's Food Market" trade name, located at 551 Jermor Lane, Westminster, Maryland 21157 (Carroll County).

The supermarket that the proposed Respondents must divest to Safeway in accordance with the agreement between Ahold and Safeway dated September 12, 1998, is the following:

1. Giant store no. 238 operating under the "Giant" trade name, located at 1313 Londontowne Boulevard in the Londontowne Square Shopping Center, Eldersburg, Maryland 21784 (Carroll County).

The five supermarkets that the proposed Respondents must divest to Supervalu in accordance with the agreement between Ahold and Supervalu dated September 14, 1998, are the following:

1. Giant store no. 242 operating under the "Super G" trade name, located at 1601 Big Oak Road in the Oxford Oaks Shopping Center, Lower Makefield Township, Pennsylvania 19067 (Bucks County);

2. Giant store no. 249 operating under the "Super G" trade name, located at 942 West Street Road in the Towne Square Shopping Center, Warminster, Pennsylvania 18974 (Bucks County);

3. Giant store no. 237 operating under the "Super G" trade name, located at 1591 Bethlehem Pike in the Hilltown Crossings Shopping Center, Hilltown Township, Pennsylvania 19440 (Montgomery County);

4. Giant store no. 243 operating under the "Super G" trade name, located at 2775 West Main Street in the Park-Ridge Shopping Center, Lower Providence Township, Pennsylvania 19403 (Montgomery County); and

5. Giant store no. 250 operating under the "Super G" trade name, located at 55 Germantown Pike in the Norriton Square Shopping Center, East Norriton Township, Pennsylvania 19401 (Montgomery County).

The proposed consent order specifically requires that the divestitures occur no later than twenty days after Ahold acquires the Class AC voting stock from 1224 or four months after the proposed Respondents signed the proposed consent order (September 18, 1998), whichever is earlier.² The proposed consent agreement also requires Ahold to include rescission provisions in its upfront buyer agreements that allow it to rescind the transaction(s) if the Commission, after

² Acceptance of the proposed consent agreement for public comment terminated the Hart-Scott-Rodino premerger waiting period and enables Ahold to acquire the Giant stock immediately.

the comment period, decides to reject any of the upfront buyers. If Ahold divests the supermarkets to be divested prior to the date the proposed consent order becomes final, and if, at the time the Commission decides to make the proposed consent order final, the Commission notifies Ahold that any of the upfront buyers is not an acceptable acquirer or that any of the upfront buyer agreements is not an acceptable manner of divestiture, then Ahold must immediately rescind the transaction in question and divest those assets within three months after the proposed consent order becomes final. At that time, Ahold must divest those assets only to an acquirer that receives the prior approval of the Commission and only in a manner that receives the prior approval of the Commission. In the event that any Commission-approved buyer is unable to take or keep possession of any of the supermarkets identified for divestiture, a trustee that the Commission may appoint has the power to divest any of the supermarkets or properties in the markets alleged in Paragraph 16 of the complaint that the proposed Respondents own to remedy the anticompetitive effects alleged in the complaint.

The Commission's goal in evaluating possible purchasers of divested assets is to maintain the competitive environment that existed prior to the acquisition. When divestiture is an appropriate remedy for a supermarket merger, the Commission requires the merging parties to find a buyer for the divested stores. A proposed buyer must not itself present competitive problems. For example, the Commission is less likely to approve a buyer that already has a large retail presence in the relevant geographic area than a buyer without such a presence. The Commission is satisfied that the purchasers presented by the parties are well qualified to run the divested stores and that divestiture to these purchasers poses no separate competitive issues.

For a period of ten years from the date the proposed consent order becomes final, the proposed Respondents are required to provide notice to the Commission prior to acquiring supermarket assets located in, or any interest (such as stock) in any entity that owns or operates a supermarket located in, Carroll, Frederick, or Harford counties in Maryland, or Bucks or Montgomery counties in Pennsylvania. Respondents may not complete such an acquisition until they have provided information requested by the Commission. This provision does not restrict the proposed Respondents from constructing new supermarket facilities

on their own; nor does it restrict the proposed Respondents from leasing facilities not operated as supermarkets within the previous six months.

For a period of ten years, the proposed consent order also prohibits the proposed Respondents from entering into or enforcing any agreement that restricts the ability of any person that acquires any supermarket, any leasehold interest in any supermarket, or any interest in any retail location used as a supermarket on or after January 1, 1998, to operate a supermarket at that site if such supermarket was formerly owned or operated by the proposed Respondents in Carroll, Frederick, or Harford counties in Maryland, or Bucks or Montgomery counties in Pennsylvania. In addition, the proposed Respondents may not remove fixtures or equipment from a store or property owned or leased in Carroll, Frederick, or Harford counties in Maryland, or Bucks or Montgomery counties in Pennsylvania, that is no longer in operation as a supermarket, except (1) Prior to a sale, sublease, assignment, or change in occupancy or (2) to relocate such fixtures or equipment in the ordinary course of business to any other supermarket owned or operated by Ahold.

The proposed Respondents are required to provide to the Commission a report of compliance with the proposed consent order within thirty days following the date on which they signed the proposed consent, every thirty days thereafter until the divestitures are completed, and annually for a period of ten years. The obligations of 1224 under the proposed consent order will terminate upon consummation of the proposed acquisition.

V. Terms of the Asset Maintenance Agreement

The proposed Respondents also entered into an Asset Maintenance Agreement. Under the terms of the Asset Maintenance Agreement, from the time Ahold acquires the Class AC voting stock of Giant from 1224 until the divestitures have been completed, the proposed Respondents must maintain the viability, competitiveness and marketability of the assets to be divested, must not cause their wasting or deterioration, and cannot sell, transfer, or otherwise impair their marketability or viability. The Asset Maintenance Agreement specifies these obligations in detail. The obligations of 1224 under the Asset Maintenance Agreement will terminate upon consummation of the proposed acquisition.

VI. Opportunity for Public Comment

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

By accepting the proposed consent order subject to final approval, the Commission anticipates that the competitive problems alleged in the complaint will be resolved. The purpose of this analysis is to invite public comment on the proposed consent order, including the proposed sale of supermarkets to Fleming, Frederick County Foods, Richfood, Safeway, and Supervalu, in order to aid the Commission in its determination of whether to make the proposed consent order final. This analysis is not intended to constitute an official interpretation of the proposed consent order or the Asset Maintenance Agreement, nor is it intended to modify the terms of the proposed consent order or Asset Maintenance Agreement in any way.

By direction of the Commission.

Donald S. Clark,

Secretary.

[FR Doc. 98-29846 Filed 11-6-98; 8:45 am]

BILLING CODE 6750-01-M

GENERAL ACCOUNTING OFFICE

Federal Accounting Standards Advisory Board; Publication of Exposure Drafts

SUMMARY: The Federal Accounting Standards Advisory Board (FASAB) announces the publication of the following three Exposure Drafts of proposed Statements of Federal Financial Accounting Standards and solicits comments on them:

- *Standards For Management's Discussion and Analysis*, October 1, 1998. Written comments to the Board are requested by January 4, 1999. The Office of Management and Budget expects to use these concepts and standards for MD&A in revising its guidance on the "Overview" section of financial reports.

- *Concepts For Management's Discussion and Analysis*, October 1, 1998. Written comments to the Board are requested by January 4, 1999. The Office of Management and Budget expects to use these concepts and standards for MD&A in revising its