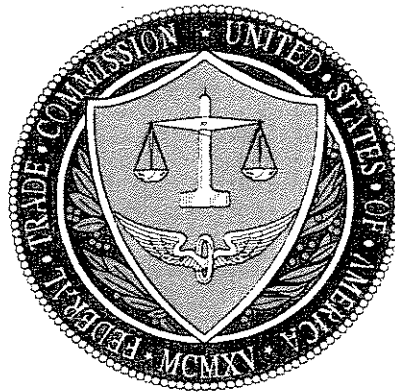


Federal Trade Commission

Bureau of Competition



Enforcement Activities

Fiscal Year 1996 - March 31, 1999

American Bar Association
Antitrust Section
Spring meeting 1999

Robert Pitofsky, Chairman
William J. Baer, Director
Bureau of Competition

ABA ANTITRUST SECTION SPRING MEETING

*Summary of Bureau of Competition Activity
Fiscal Year 1996 Through March 31, 1999*

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ABA ANTITRUST SECTION SPRING MEETING

Summary of Bureau of Competition Activity Fiscal Year 1996 Through March 31, 1999¹

I. Mergers

A. Consent Orders

1. * *ABB* (Proposed Consent Agreement Accepted for Public Comment January 6, 1999): ABB agreed to divest the Analytical Division of *Elsag Bailey Process Automation N.V.* to settle antitrust concerns that the acquisition of Elsag would substantially reduce competition in the market for process gas chromatographs and process mass spectrometers, analytical instruments used to measure the chemical composition of a gas or liquid used in petrochemical refining, pharmaceutical and chemical manufacturing, and pulp and paper processing.
2. * *Albertson's, Inc.* (Final Order December 8, 1998): A consent order requires Albertson's to divest eight supermarkets in Montana and seven in Wyoming to Supervalu Holdings, Inc. in an effort to maintain competitive pricing in the areas. According to the complaint, Albertson's acquisition of *Buttrey Food and Drug Store Company* would result in higher prices and reduced quality in 11 communities.
3. * *Autodesk, Inc.* (Final Order June 18, 1997): Consent order settles charges that the acquisition of *Softdesk, Inc.* would reduce competition in the development and sale of computer-aided design software engines (CAD) and prohibits Autodesk from reacquiring "IntelliCADD," a CAD engine recently sold by Softdesk to Boomerang Technology, Inc., or any entity that controls the IntelliCadd technology.

¹ * Denotes new cases during this period -- the first public notice of an enforcement action by the Commission.

4. * *American Home Products* (Final Order May 16, 1997): Consent order settles charges that the proposed acquisition of *Solvay, S.A.*'s animal health business would reduce competition in the market for the research, development, manufacture and sale of canine lyme vaccine, canine corona virus vaccine, and feline leukemia vaccine. The order requires divestiture of *Solvay's* U.S. and Canadian rights to the three types of vaccines to the Schering-Plough Corporation or another Commission-approved buyer.

5. * *Baxter International Inc.* (Final Order March 24, 1997): Consent order requires divestiture of *Baxter's* Autoplex product line of Factor VIII inhibitors used in the treatment for hemophilia and the licensing of *Immuno International AG's* fibrin sealant, a biologic product in development to be used to control bleeding in surgical procedures. According to the complaint issued with the final order, the acquisition of *Immuno International* would tend to create a monopoly and increase *Baxter's* ability to unilaterally raise prices in the market for the research, manufacture and sale of biologic products derived from human blood plasma.

6. * *The Boeing Company* (Final Order March 5, 1997): Consent order permits the acquisition of *Rockwell International Corporation's* Aerospace and Defense business subject to a divestiture and other conditions. Currently, there are two teams competing to develop high-altitude endurance unmanned air vehicles for the Department of Defense's Advance Research Projects Agency -- Boeing/Lockheed (developing Tier III Minus, a stealthy, high-altitude endurance unmanned air vehicle) and Rockwell/Teledyne (developing Tier II Plus, a non-stealthy, high-altitude endurance unmanned air vehicle). As a result of the acquisition, Boeing would become a member of both teams and could increase the price of the components it supplies or reduce its investment in technology and quality. The consent order allows Teledyne, if it chooses, to replace Rockwell as its wing supplier without incurring any significant costs or risks to the project. Terms of the consent order require Boeing to deliver the assets necessary to produce the Tier II Plus wings to businesses designated by Teledyne. The order also establishes a "firewall" between Boeing's Tier III Minus business and the Rockwell North American Aircraft Division that provides Tier II Plus wings.

7. * *British Petroleum Company p.l.c.* (Proposed Consent Agreement Accepted for Comment December 30, 1998): A proposed consent order requires The British Petroleum Company and *Amoco Corporation* to divest 134 gas stations in eight markets and nine light petroleum products terminals to settle antitrust concerns that their proposed merger would substantially reduce competition in certain wholesale gasoline markets.

8. * ***Cablevision Systems Corp.*** (Final Order April 27, 1998): Consent order settles charges that Cablevision's acquisition of certain cable operations in northern New Jersey and in New York from *Tele-Communications Inc.* would result in higher prices and lower quality of cable television services for residents of Paramus and Hillsdale, New Jersey. The settlement requires divestiture of TCI's cable systems in the two cities.

9. * ***Cadence Design Systems, Inc.*** (Final Order August 11, 1997): Cadence agreed to settle charges that its acquisition of *Cooper & Chyan Technology, Inc.* would reduce competition for "routing" software used to automate the design of integrated circuits or microchips. According to the complaint, the merger would reduce Cadence's incentives to permit competing suppliers of routing tools to obtain access to its layout environments resulting in less innovation, higher prices, and reduced services. To ensure that independent software developers of commercial routing tools continue to compete with Cooper & Chyan's technology, the consent order requires Cadence to allow the developers to participate in Cadence's software interface programs.

10. * ***Castle Harlan Partners, II L.P.*** (Final Order December 20, 1996): Final consent order preserves competition in the sale of commemorative class rings to graduating high school and college students. The order requires restructuring of the purchase agreement to exclude Gold Lance, Inc. from the proposed plans to acquire *Class Rings, Inc.* The new acquisition plan is limited to the class ring business of Town & Country Corporation and CJC Holdings, Inc.

11. * ***Ciba-Geigy Limited*** (Final Order March 24, 1997): Final consent order settles antitrust concerns in three markets affected by the proposed acquisition of *Sandoz Ltd.*: research and development in gene therapy products that are being targeted for life-threatening conditions such as hemophilia and cancer; corn herbicides; and flea control products. In the gene therapy market, the order requires the licensing of certain intellectual properties to Rhone-Poulenc Rorer and other firms to permit continued competition in research, development and commercialization for a broad range future medical treatments. In addition, in one of the largest divestitures ever required under a consent order, Sandoz agreed to divest its U.S. and Canadian corn herbicide business to BASF Aktiengesellschaft within 10 days. The consent order also requires the divestiture of Sandoz's flea control business to Central Garden and Pet Supply of Lafayette, California within 30 days.

12. * **CMS Energy Corporation** (Proposed Consent Agreement Accepted for Public Comment March 18, 1999): CMS agreed to settle charges that its acquisition of two natural gas pipelines, *Panhandle Eastern Pipeline* and *Trunkline Pipeline*, from Duke Energy Company could reduce competition and increase consumer prices for natural gas and electricity in 54 counties in Michigan. The proposed consent order requires Consumer Energy, a CMS subsidiary, to “loan” natural gas from its own system to shippers on third-party pipelines if the interconnection capacity with competing pipelines falls below historical levels.

13. **Columbia/HCA Healthcare Corporation** (Final Order November 24, 1995): Order allows Columbia to acquire *John Randolph Medical Center* in Hopewell, Virginia but requires the divestiture of Poplar Springs Hospital in Petersburg, Virginia to a Commission approved acquirer.

14. **Columbia/HCA Healthcare Corporation** (Final Order October 3, 1995): Order settles antitrust concerns resulting from the \$3 billion merger with *HealthTrust, Inc. - The Hospital Company*. The settlement requires the divestiture of seven hospitals within 12 months to a Commission approved acquirer who will operate them in competition with Columbia/HCA. In addition, the order requires the termination of the Orlando joint venture that operates South Seminole Hospital within six months. The merger, involving more than 280 hospitals nationwide, is the largest hospital merger in U.S. history.

15. * **Commonwealth Land Title Insurance Company** (Final Order November 10, 1998): Final consent order settles allegations that the proposed consolidation of its title plant with *First American Title Insurance Company*, its only competitor in the Washington, DC area, would restrict competition for title services. The consent order requires Commonwealth, among other things, to relocate its operations and to maintain them as viable businesses in competition with First American.

16. * **Compagnie de Saint-Gobain** (Final Order June 12, 1996): Consent order preserves competition in the production and sale of certain refractory products and hot surface igniters. The order permits the acquisition of *The Carborundum Company* but requires divestiture of Carborundum’s Monofrax fused cast refractories business in New York, its hot surface igniter business in Puerto Rico, and its silicon carbide refractories business in New Jersey to Commission approved acquirers.

17. * *Cooperative Computing, Inc.* (Final Order June 20, 1997): Consent order will preserve competition in electronic parts catalogs for the auto parts aftermarket. The final order permits the acquisition of *Triad Systems Corporation* but requires the divestiture within 60 days of the PartFinder® electronic catalog database, and the J-CON® application program interface, and support software and documentation, through an exclusive, royalty-free and perpetual license with the right to sublicense, to MacDonald Computer Systems or another Commission- approved buyer.

18. * *CUC International, Inc.* (Final Order May 4, 1998): CUC settled allegations that its proposed acquisition of *HFS, Inc.* would create a monopoly in the worldwide market for full-service timeshare exchange services. The consent order requires divestiture of CUC's interval timeshare business to Interval Acquisition Corporation, a new entrant. Should this divestiture not take place, the consent order requires CUC to divest either Interval or HFS' Resort Condominiums International.

19. * *CVS Corporation* (Final Order August 13, 1997): CVS agreed to settle allegations that its acquisition of *Revco* would substantially reduce competition for the retail sale of pharmacy services to health insurance companies and other third-party payers in Virginia and in the Binghamton, New York metropolitan area. The consent order requires the divestiture of 114 Revco stores in Virginia and 6 pharmacy counters in Binghamton.

20. * *Doghouse Corporation* (Final Order June 10, 1998): Doghouse agreed to restructure a proposed transaction to acquire only one hydrogen peroxide production plant from *E. I. Dupont de Numbers & Co.*, to obtain prior Commission approval before acquiring certain other Dupont production plants and to notify the Commission of its attempts to acquire hydrogen peroxide facilities in specific areas. Originally, Doghouse had planned to acquire all of Dupont's hydrogen peroxide facilities in North America.

21. * *Devro International plc* (Final Order April 3, 1996): Final order preserves competition in the market for collagen sausage casings. The order permits the acquisition of *Teepak International, Inc.* but requires divestiture of Devro North America, within three months of the date the order becomes final, to an acquirer pre-approved by the Commission that does not already produce collagen sausage casings for sale in the U.S. The assets in question include a manufacturing plant in Somerville, New Jersey and a finishing plant in Ontario, Canada.

22. * *Dow Chemical Company* (Final Order February 20, 1998): Dow agreed to settle allegations that its acquisition of *Sentrachem Limited* would have substantially lessened competition for the research and manufacture of chelating agents (chemicals used in cleaners, pulp and paper, water treatment, photography, agriculture, food and pharmaceutical to neutralize and inactivate metal ions) by combining two of the three U.S. producers of the product. The terms of the consent order require Dow to divest Sentrachem's U.S. chelant business to Akzo Novel N.V.

23. * *Dwight's Energydata, Inc.* (Final Order July 28, 1997): Consent order settles charges that the acquisition of *Petroleum Information Corporation* could create a monopoly for production and well history data used by geologists and petroleum engineers to find additional oil and gas reserves. The settlement requires Dwight to license a complete set of well history to HPDI, an independent competitor, or another Commission-approved licensee.

24. * *EXXON Corporation* (final Order October 30, 1998): EXXON will divest its viscosity index improver business to Chevron Chemical Company LLC to settle allegations that its proposed joint venture with Royal Dutch Shell to develop, manufacture and sell their fuel and lubricants additives would reduce competition and lead to collusion among the remaining firms in the market.

25. * *Federal-Mogul Corporation* (Final Order December 4, 1998): Federal-Mogul agreed to divest the thinwall bearings assets, Glacier Vandervell Bearings Group, it acquires in its takeover of *T&N plc* to a Commission-approved buyer. The complaint alleged that the acquisition would increase the likelihood of coordinated anticompetitive conduct between Federal-Mogul and the remaining competitors in the market for thinwall engine bearings, used to separate component parts in the engines of cars, trucks and heavy equipment.

26. * *First Data Corporation* (Final Order January 16, 1996): Final order preserves competition in consumer money wire transfer services. The settlement permits the \$6.7 billion merger with *First Financial Management Corporation* but requires the divestiture of either First Data's MoneyGram business or First Financial's Western Union Financial Services within 12 months.

27. * *Fresenius A.G.* (Final Order October 15, 1996): Order settles charges that the acquisition of *National Medical Care, Inc.* would combine two significant producers of HD concentrate used in hemodialysis treatment. The order requires the divestiture of the Lewisberry, Pennsylvania hemodialysis concentrate plant to Di-Chem, Inc. or other Commission-approved buyer.

28. * *General Mills, Inc.* (Final Order May 16, 1997): Consent order preserves competition in ready-to-eat cereals. The order permits the acquisition of *Ralcorp Holdings, Inc.*'s branded ready-to-eat cereal and snack mix business but requires the transfer of licenses to manufacture and sell cereals identical to the Chex brand products without the approval of General Mills.

29. * *Global Industrial Technologies, Inc.* (Final Order September 10, 1998): According to the complaint issued with the final order, Global's proposed acquisition of *AP Green Industries, Inc.* would combine the two largest domestic producers of glass-furnace silica refractories. Global agreed to divest Green's silica refractories to Robert R. Worthen and Dennis R. Williams and to two companies controlled by them – Utah Refractories Company and Worthen and Williams, L.L.C.

30. * *Guinness PLC* (Proposed Consent Agreement Accepted for Public Comment December 12, 1997): The complaint accompanying the proposed consent order alleged that the merger between Guinness and *Grand Metropolitan PLC* would eliminate substantial competition between the two firms in the sale and distribution of premium Scotch and premium gin in the U.S. The order requires the divestiture of Dewar's Scotch, Bombay gin, and Bombay Sapphire gin brands worldwide to acquirers pre-approved by the Commission.

31. *Hoechst AG* (Final Order December 5, 1995): Final order settles charges relating to the June 1995 \$7.1 billion merger with *Marion Merrell Dow, Inc.* The settlement requires Hoechst to take specific steps to ensure that the development of its Tiazac diltiazem product (originally designed to compete with a similar MMD product) would continue. The order enables Biovail Corporation to produce a competitive product so that consumers who suffer from hypertension and cardiac disease could benefit from better products and lower prices. The settlement also requires Hoechst to restore competition in the research and development of : (1) diltiazem, a hypertension and cardiac drug, (2) drugs used to treat intermittent claudication, severe leg cramps caused by arteriosclerosis, (3) oral dosage forms of mesalamine, used to treat inflammatory bowel disease, and (4) rifadin, used to treat tuberculosis through the divestiture of specific assets and through the accomplishment of prescribed steps designed to restore competition to the market.

32. * *Hughes Danbury Optical Systems* (Final Order April 30, 1996): Final order settles charges that the acquisition of *Itek Optical System Division* from Litton Industries, Inc. could increase the bid prices and decrease investment for technology in the development of deformable mirrors, a component of an optics system used by the Air Force's Airborne Laser Program in its anti-missile defense system. The

development of the Air Force program has been contracted to two teams, Boeing/Lockheed and Rockwell/Hughes . Deformable mirrors are manufactured by only two firms in the U.S. -- Itek and Xinetics Inc. (Itek supplies the Boeing team; Xinetics supplies the Rockwell team under an exclusive contract with Hughes.) According to the complaint issued with the proposed settlement, if Hughes completes its original purchase plan for Itek, Hughes will be involved in the supply of deformable mirrors to both teams.

33. * *Illinois Tool Works, Inc.* (Final Order April 23, 1996): Final order preserves competition in the manufacture and sale of industrial power sources and industrial engine drives. The order permits the acquisition of *Hobart Brothers Company* but requires the divestiture of Hobart's assets, businesses and technology relating to industrial power sources and industrial engine drives to Prestolite Electric Incorporated within one month after the order becomes final. The order also prohibits Illinois Tool from manufacturing products in the relevant market under the Hobart name for seven years.

34. * *Insilco Corporation* (Final Order January 27, 1998): Insilco agreed to divest two aluminum tube mills acquired in its acquisition of *Helima-Helvetion International, Inc.* to settle antitrust concerns that the acquisition would substantially reduce competition in the markets for welded-seam aluminum radiator and charged air cooler tubing in North America.

35. * *Intel Corporation* (Final Order July 20, 1998): Final Order settles allegations that Intel's acquisition of *Digital Equipment Corporation's* assets could endanger the continuing and future development of the Alpha microprocessor, a direct competitor of Intel's Pentium line of computer system components. The order requires Digital to license the Alpha technology to Advanced Micro Devices and to Samsung Electronics Co., Ltd. or to other Commission-approved companies to manufacture Digital's microprocessor devices.

36. * *J.C. Penney Company* (Final Orders February 28, 1997): Separate final consent orders settle charges that the acquisitions of *Eckerd Corporation* and 190 *Rite Aid* stores in North and South Carolina would give J.C. Penney a dominant position in four metropolitan areas and increase its ability to raise prices for the sale of pharmacy services to third party payers. The orders require the divestitures of 34 Thrifty drug stores and 127 Rite Aid drug stores in the areas by March 21, 1997.

37. * *J.C. Penney Company* (Final Order February 28, 1997): Refer to the discussion under number 36 above.

38. * *Jitney-Jungle Stores of America, Inc.* (Final Order January 28, 1998): Final order settles allegations that Jitney-Jungle's acquisition of *Delchamps, Inc.* would substantially reduce competition among supermarket stores in the areas of Gulfport-Biloxi, Hattiesburg and Vicksburg, Mississippi. The consent order requires the divestiture of 10 supermarkets to Supervalu, Inc.
39. * *Johnson & Johnson* (Final Order March 19, 1996): Final order settles antitrust charges that the acquisition of *Cordis Corporation* would create a controlling firm in the market for cranial shunts, medical devices used in the treatment of hydrocephalus. The order requires the divestiture of the Cordis Neuroscience business to a Commission-approved buyer within one year.
40. * *Koninklijke Ahold NV* (Final Order September 30, 1996): Consent order settles charges that the acquisition of *The Stop & Shop Companies, Inc.* would substantially reduce supermarket competition in 14 communities in New England. The order requires the divestiture of 30 supermarkets within 30 days to buyers who would operate the stores in competition with Ahold's "Edwards" supermarket chain.
41. * *Koninklijke Ahold NV* (Proposed Consent Agreement Accepted for Public Comment October 15, 1998): A proposed consent order requires Ahold to divest 10 supermarkets in Maryland and Pennsylvania to settle antitrust concerns stemming from its acquisition of *Giant Food Inc.*
42. * *LaFarge Corporation* (Final Order February 12, 1999): As a result of plans to acquire *Holnam, Inc.*'s Seattle cement plant, and other cement assets in Washington State, Lafarge entered into an illegal agreement that would reduce competition by restricting its cement distribution in the Puget Sound area. The consent order requires LaFarge to restructure the sales agreement with Holnam to delete the production penalty clause.
43. * *Landamerica Financial Group, Inc. [formerly Lawyers Title Corporation]* (Final Order May 20, 1998): Landamerica agreed to divest title plants in 11 areas to settle antitrust allegations that its proposed acquisition of *Commonwealth Land Title Insurance Company* and *Transnation Title Insurance Company*, subsidiaries of Reliance Group Holdings, Inc. would reduce competition in title plant services -- underwriting title insurance in the real estate industry. The consent order requires the divestiture of the title plants of Lawyers Title or those of Reliance Group to an acquirer approved by the Commission within six months.

44. * *Litton Industries, Inc.* (Final Order May 7, 1996): Final order settles antitrust concerns stemming from the \$425 million acquisition of *PRC Inc.* and requires the divestiture of PRC's systems engineering and technical assistance (SETA) contract for the Department of Navy's Aegis destroyer program.
45. * *Local Health System, Inc.* (Final Order November 3, 1995): Final order requires *Port Huron Hospital* and *Mercy Hospital-Port Huron* to abandon their proposed merger plans and, for limited time periods, to notify the Commission or obtain Commission approval before acquiring certain hospital assets in the Port Huron, Michigan area.
46. * *Lockheed Martin Corporation* (Final Order September 18, 1996): Consent order settles allegations that the proposed acquisition of *Loral Corporation* would reduce competition in the markets for air traffic control systems, commercial low earth orbit satellites, military tactical fighter aircraft, and unmanned aerial vehicles. The order requires the divestiture of a systems engineering and technical services contract with the Federal Aviation Administration and prohibits the sharing of sensitive information concerning competitors' products between the two firms.
47. * *Loewen Group Inc.* (Final Order July 30, 1996): Two separate consent orders settle antitrust concerns stemming from the acquisitions of certain funeral homes and cemeteries by Loewen and its wholly-owned subsidiary, The Loewen Group International.
48. * *Loewen Group International* (Final Order July 30, 1996): Refer to discussion under number 37 above.
49. * *Mahle GmbH* (Final Order June 4, 1997): Consent order settles charges that the acquisition of *Metal Leve S.A.* would result in Mahle becoming a monopolist in the research, development, manufacture and sale of articulated pistons used in heavy duty diesel engines and requires divestiture of Metal Leve's U.S. piston business within 10 days of the final consent order.
50. * *Medtronic, Inc.* (Final Order December 21, 1998): A final consent order settles allegations stemming from Medtronic's proposed acquisition of *Physio-Control International Corporation's* automatic external defibrillator business. According to the complaint, Medtronic, through its controlling interest in SurVivaLink Corporation, a direct competitor of Physio-Control, would control both companies as a result of the acquisition and thereby increase the likelihood of coordinated interaction which could result in increased prices and reduce innovation in the market. The consent order

requires Medtronic to become a passive investor in SurVivaLink and reduce many of its present and future business contacts with the firm.

51. * *Medtronic, Inc.* (Proposed Consent Order Accepted for Public Comment March 5, 1999): Medtronic agreed to divest *Avecor Cardiovascular, Inc.*'s non-occlusive arterial pump assets to settle antitrust concerns that the acquisition would lessen competition for the research, development, manufacture and sale of the pumps in the United States.

52. * *Merck and Co, Inc.* (Final Order February 18, 1999): The complaint, issued with the consent order, alleged that as a result of Merck's 1993 acquisition of *Medco*, the nation's largest benefits manager, Merck's drugs received favorable treatment through Medco's drug-list formulary made available to medical professionals who prescribe and dispense prescriptions to health plan beneficiaries. The consent order requires Medco, among other things, to maintain an "open formulary" to include drugs approved by an independent Pharmacy and Therapeutics Committee, staffed by physicians and pharmacologists who have no financial interest in Merck.

53. * *Mustad International Group NV* (Final Order October 30, 1995): Order requires either the divestiture of Capewell Manufacturing Company or the divestiture of production assets and related technology to a Commission approved acquirer to settle charges that Mustad monopolized the manufacture and sale of rolled horseshoe nails in the United States through four acquisitions of current and potential competitors.

54. * *NGC Corporation* (Final Order December 12, 1996): Final order preserves competition in natural gas fractionation in the Mont Belvieu, Texas area. The order permits the acquisition of certain gas transportation assets from *Chevron Corporation* but requires the divestiture of the Mont Belvieu I gas liquids fractionation plant in Mont Belvieu, Texas.

55. * *Nortek, Inc.* (Final Order October 8, 1998): The consent order permits Nortek's acquisition of *NuTone, Inc.*, its closest competitor, but requires its divestiture of M&S, the second largest seller of hard-wired residential intercoms in the United States.

56. * *PacifiCorp* (Proposed Consent Agreement Withdrawn and Investigation Closed June 30, 1998): The Commission withdrew a proposed consent agreement that settled allegations that PacificCorp's proposed acquisition of *The Energy Group PLC* would lead to increases in wholesale and retail electricity prices in the United States. During the comment period PacificCorp withdrew its bid after the Texas Utilities

Company announced a competing tender offer for The Energy Group.

57. * *Phillips Petroleum Company* (Final Order March 28, 1997): Consent order settles charges that the acquisition of gas gathering assets from *ANR Pipeline Company* would reduce competition for natural gas gathering services in five Oklahoma counties. The order permits the acquisition but requires the divestiture of 160 miles of pipeline system in the Anadarko Basin within 30 days to a Commission-approved buyer.

58. *Phillips Petroleum Company* (Final Order December 28, 1995): Consent order preserves competition in natural gas gathering systems in the Texas Oklahoma-Panhandle region. The order requires the parties to modify their acquisition plans to prevent Phillips from acquiring *Enron Corp.*'s 830 miles of natural gas pipeline gathering systems in the area.

59. * *Praxair Inc.* (Final Order April 1, 1996): Final order settles charges that the acquisition of *CBI Industries, Inc.* would reduce competition for "merchant" atmospheric gases in areas of California, Connecticut, and Minnesota. The order requires Praxair to divest four CBI plants within one year and to maintain the production facilities as viable, independent competitors pending divestiture.

60. * *Raytheon Company* (Final Order September 3, 1996): Consent order settles charges that the acquisition of *Chrysler Technologies Holding, Inc.* reduced competition for the U.S. Navy's future procurement of the Submarine High Data Rate satellite communications system for use in Navy submarines. The order requires Raytheon to erect an information "firewall" to prohibit the exchange of sensitive information concerning the Submarine HDR system prior to the completion of the competitive procurement.

61. *Rite Aid Corporation* (Investigation Closed June 13, 1996): The Commission determined that the relief obtained in a consent decree by the Maine Attorney General was adequate to settle concerns regarding Rite Aid's acquisition of *Brooks Retail Pharmacies* in Maine from Maxi Drug, Inc. The Commission therefore closed its investigation. During fiscal year 1995, Rite Aid entered into an agreement with the Commission to maintain the business of its own stores and the business of the Brooks' pharmacies until the agency completed its investigation.

62. * *Roche Holdings Ltd.* (Final Order April 22, 1998): Roche agreed to divest, certain assets in the U.S. and Canada to settle antitrust concerns stemming from its proposed acquisition of *Corange Limited*. The consent order permits the

acquisition but requires the divestiture of Cardiac thrombolytic agents (drugs used to treat heart attack victims) and ongoing business assets relating to chemicals used to test for the presence of illegal or abused drugs.

63. * *S.C. Johnson & Son, Inc.* (final Order April 20, 1998): Consent order settles charges that Johnson's acquisition of *Dowbrands* would adversely affect competition and potentially raise the prices consumers pay for soil and stain removers and glass cleaners. The consent order requires the divestiture of Dow's "Spray 'n Starch", "Spray 'n Wash", and "Glass Plus" businesses to Reckitt & Colman.

64. * *Service Corporation International* (Final Order March 21, 1996): Consent order resolves antitrust concerns regarding the acquisition of assets for funeral-related services. The order permits the acquisition of *Gibraltar Mausoleum Corporation* but requires divestiture of seven funeral homes, cemeteries and crematories in Texas and Florida within 12 months to Commission-approved purchasers that would operate them in competition with SCI.

65. * *Service Corporation International* (Proposed Consent Agreement Accepted for Public Comment January 15, 1999): The proposed consent agreement permits SCI to acquire *Equity Corporation International* and requires the divestiture of funeral service and cemetery properties in 14 markets to Carriage Services, Inc.

66. * *Shell Oil Company* (Final Order April 21, 1998): Shell Oil and *Texaco* settled allegations that their proposed joint venture would reduce competition and could raise prices for gasoline in Hawaii, California, and Washington and the price of asphalt in California. The consent order requires Shell to divest a package of assets, including Shell's Anacortes, Washington refinery; a terminal and retail gasoline stations in Oahu, Hawaii and retail gas stations, and a pipeline in California.

67. * *Shell Oil Company* (Final Order December 21, 1998): Final consent requires Shell Oil and its Tejas Energy, LLC, subsidiary, to divest parts of the ANR pipeline system in Oklahoma and Texas to settle charges that its acquisition of gas gathering assets of *The Coastal Corporation* would lead to anticompetitive increases in gas gathering rates and an overall reduction in gas drilling and production in the two states.

68. *Silicon Graphics, Inc.* (Final Order November 14, 1995): Consent agreement settles antitrust concerns relating to the \$500 million acquisitions of *Alias Research Inc.* and *Wavefront Technologies, Inc.*, two of the world's three leading entertainment graphic software firms that provide high-resolution two-dimensional and

three-dimensional digital images for movies. The order requires SGI to take steps to ensure that this type of software will be available for use on computer workstations other than SGI's proprietary platform. The order also requires SGI to maintain an open architecture so that other software developers can develop entertainment graphics software for use on SGI workstations.

69. * *Sky Chefs, Inc.* (Final Order September 18, 1998): Sky Chefs restricted its acquisition plans, excluding Ogden Corporation's in-flight catering operation at the McCarran International Airport in Las Vegas, Nevada from its purchase agreement to settle Commission concerns that the consolidation of the two firms in Las Vegas would lead to higher prices for airline catering services. The consent order prohibits Sky Chefs from making certain acquisitions without Commission approval for 10 years.

70. * *Stop & Shop Companies, Inc., The* (Final Order April 2, 1996): Final order settles charges that the merger of Stop & Shop and *Purity Supreme, Inc.* would reduce supermarket competition and lead to higher prices in the Boston Metropolitan area, Cape Cod, the South Shore area, Bedford and Brockton. The consent order requires the merged firm to divest 17 supermarkets in the five relevant areas within nine months to entities pre-approved by the Commission that will operate the stores in competition with the merged firm's remaining stores in those areas.

71. * *Tenet Healthcare Corporation* (Final Order May 20, 1997): The proposed consent order permits the acquisition of *OrNda Healthcorp* but requires the divestiture of Tenet's French Hospital Medical Center and related OrNda assets in San Luis Obispo County, California by August 1, 1997. This is the shortest divestiture period ever imposed on a hospital merger order.

72. * *Time Warner Inc.* (Final Order February 3, 1997): Final consent order requiring the restructuring of the acquisition of *Turner Broadcasting System, Inc.* settles antitrust concerns that the acquisition would restrict competition in cable television programming and distribution. The order requires Tele-Communications, Inc., the nation's number one cable operator, to divest its interests in Turner; reduces contractual agreements between TCI, Turner and Time Warner to carry certain programming; reduces opportunities for bundling programming; prohibits price discrimination against competing cable systems; and requires Time Warner's cable systems to carry a rival news channel to compete with CNN.

73. * *TRW Inc.* (Final Order April 6, 1998): TRW settled antitrust allegations stemming from its acquisition of *BDM*, a firm that provides, among other things, systems engineering and technical services (SETA) to the Department of Defense. TRW was

part of one of two teams bidding for DOD'S Ballistic Missile Defense Organization's lead system integrator program. The acquisition would have placed TRW into BDM's role of SETA contractor whereby TRW could gain sensitive competitive information, including cost and bidding information, about its only other competitor for the program. According to the complaint issued with the consent order, this situation could have resulted in less aggressive bidding and higher prices for the leading system integrator program, or put TRW in a position to favor its own team by setting unfair procurement specifications or submitting unfair proposal or performance evaluations. The consent order requires TRW to divest the SETA contract to a Commission approved acquirer.

74. * *Upjohn Company* (Final Order February 8, 1996): Consent agreement settles antitrust concerns that the merger of Upjohn and *Pharmacia Aktiebolag* would prevent the development of drugs used in the treatment of colorectal cancer. The final order requires the merged firm, within one year, to divest Pharmacia's topoisomerase I inhibitors assets and provide technical assistance to a buyer approved by the Commission and the National Cancer Institute who will continue the research and development of the cancer treating drug.

75. * *Wesley-Jessen Corporation* (Final Order January 3, 1997): Final order preserves competition in the production and sale of opaque contact lenses. The order permits the acquisition of *Pilkington Barnes Hind International, Inc.* but requires the divestiture of the opaque contact lens business within four months to a Commission approved acquirer.

76. * *Williams Companies* (Final Order June 17, 1998): Consent order permits the acquisition of MAPCO, Inc. but requires Williams to lease its pipeline to Kinder Morgan Energy Partners, a terminal competitor of MAPCO, to ensure that Kinder Morgan can continue to exist as an independent competitor in the transportation and terminaling of propane in certain Midwest markets. Under terms of the consent order Williams agreed to connect its Wyoming gas processing plant to any new competing pipeline in the future.

77. * *Zeneca Group PLC* (Proposed Consent Agreement Accepted for Comment March 24, 1999): Under terms of a proposed consent order, Zeneca agreed to divest assets relating to levobupivacaine, a long-acting local anesthetic, to settle antitrust concerns stemming from its proposed merger with *Astra AB*. The assets will be purchased by Chiroscience Group plc, the developer of levobupivacaine.

B. Authorizations to Seek Preliminary Injunctions

1. * **Blodgett Memorial Medical Center** (January 19, 1996): Staff authorized to file a motion for a preliminary injunction to block the proposed merger of the two largest hospitals in Grand Rapids, Michigan, Blodgett and *Butterworth Hospital*, on grounds that the merger would substantially reduce competition for acute-care inpatient hospital services in the area. The complaint was filed January 23, 1996 in the U.S. District Court for the Western District of Michigan (Southern Division). On September 26, 1996, the court denied the Commission's request for an injunction. An administrative complaint alleging violation of the antitrust laws also was filed on November 18, 1996. The Commission ended its litigation after the U.S. Court of Appeals for the Sixth Circuit upheld the district court's decision.
2. * **Cardinal Health Inc.** (March 3, 1998): The Commission authorized staff to file separate motions in federal district court to block the mergers of the nation's four largest drug wholesalers into two wholesale distributors of pharmaceutical products. The Commission charged that Cardinal's proposed acquisition of *Bergen Brunswig Corporation* and McKesson Corporation's proposed acquisition of *AmeriSource Health Corp.* would substantially reduce competition in the market for prescription drug wholesaling and lead to higher prices and a reduction in services to the companies' customers -- hospitals, nursing homes and drugstores -- and eventually to consumers. Two separate motions for preliminary injunctions were filed in the U.S. District Court for the District of Columbia March 6, 1998. On July 31, 1998, the District Court granted the Commission's motions enjoining both proposed mergers. The parties abandoned their respective merger plans soon after the decision.
3. * **McKesson Corporation** (March 3, 1998): Refer to the discussion under *Cardinal Health Inc.*, number 2 above.
4. * **Mediq Inc.** (July 29, 1997): Mediq abandoned its proposed acquisition of *Universal Hospital Services* after the Commission filed a complaint and motion for a preliminary injunction to block the merger of the nation's two largest firms engaged in the rental of hospitals of movable medical equipment, such as respiratory, infusion, and monitoring devices. The complaint, filed in the U.S. District Court for the District of Columbia, alleged that the merger would create a monopoly which would raise the rental prices of movable medical equipment rental in many major metropolitan areas across the nation.

5. * **Questar Corporation** (December 27, 1995): Staff authorized to seek a preliminary injunction to prevent the acquisition of a 50 percent interest in *Kern River Gas Transmission Company* from Tenneco, Inc. on grounds that the acquisition would create a monopoly in the transmission of natural gas to industrial customers in the Salt Lake City area. The parties abandoned their acquisition plans shortly after the Commission filed its complaint in federal district court.

6. * **Rite Aid Corporation** (April 17, 1996): Staff authorized to seek a preliminary injunction in federal district court to block the acquisition of *Revco D.S., Inc.* on grounds that the merger of the two largest retail drug store chains in the United States would result in an increase in the price of prescription drugs sold through pharmacy benefit plans in numerous geographic areas. Rite Aid withdrew its tender offer before the Commission could file its motion in court.

7. * **Staples, Inc.** (March 10, 1997): Staff authorized to file a motion for a preliminary injunction to block the proposed acquisition of *Office Depot, Inc.* on grounds that the \$4 billion acquisition would allow the combined firm to control prices for the sale of office supplies in numerous metropolitan areas in the United States. On June 30, 1997, the U.S. District Court for the District of Columbia granted the Commission's motion for the injunction. Staples abandoned its acquisition plans in July 1997.

8. * **Tenet Healthcare Corporation** (April 16, 1998): Staff authorized to file a motion for a preliminary injunction to block the proposed acquisition of Doctors Regional Medical Center in Poplar Bluff, Missouri. On July 30, 1999, the U.S. District Court for the Eastern District of Missouri granted the Commission's motion for the injunction. Tenet filed a notice of appeal on August 10, 1999. An administrative complaint issued August 20, 1998 charged that the proposed merger of the only two general hospitals in Poplar bluff would eliminate price, cost and quality competition and put consumers at risk of paying more for health care.

C. Commission Opinions/Initial Decisions

None

D. Court Decisions

1. * **Blodgett Memorial Medical Center** (July 8, 1997): The U.S. Court of Appeals for the Sixth Circuit upheld a decision by the District Court in the Western District of Michigan that denied the Commission's motion for a preliminary injunction to block the merger of Blodgett and *Butterworth Health Corporation*. The complaint charged that the merger would substantially reduce competition for acute care inpatient hospital services in the Grand Rapids area.
2. **Coca-Cola Bottling of the Southwest** (June 10, 1996): The U.S. Court of Appeals for the Fifth Circuit vacated and remanded the Commission's decision for reconsideration and ruled that the Commission erred by applying the standard of Section 7 of the Clayton Act and Section 5 of the Federal Trade Commission Act, rather than using the standards of the Soft Drink Interbrand Competition Act of 1980, because the acquisition of the *San Antonio Dr Pepper Bottling Company's Dr Pepper and Canada Dry* franchises was predominantly vertical.
3. **Freeman Hospital** (November 30, 1995): The U.S. Court of Appeals for the Eighth Circuit affirmed the district court decision and denied the Commission's motion for a preliminary injunction to bar the merger between Freeman and *Tri-State Osteopathic Hospital Association (d/b/a Oak Hill Hospital)*.

E. Order Violations

1. * **Columbia/HCA Healthcare Corporation** (July 30, 1998): Columbia/HCA paid a \$2.5 million civil penalty to settle charges that it failed to divest the Davis Hospital and Medical Center in Layton, Utah, the Pioneer Valley Hospital in West Valley City, Utah and the South Seminole Hospital in Florida as required by a 1995 consent order. The complaint and settlement were filed in the U.S. District Court for the District of Columbia.
2. * **CVS Corporation** (March 26, 1998): CVS agreed to pay a \$600,000 civil penalty to settle allegations that it violated the asset maintenance agreement under a 1997 consent order that settled antitrust concerns stemming from its acquisition of Revco D.S., Inc. According to the complaint, CVS removed the computerized pharmacy recordkeeping systems eliminating all automated access to pharmacy files from 113 Revco pharmacies prior to its Commission approved divestiture to Eckerd. The complaint and proposed settlement were filed in U.S. District Court for the District of Columbia. In addition to the civil penalty action filed by the Commission, CVS paid

a fine to the Commonwealth of Virginia for violating Virginia's Board of Pharmacy regulations about the proper transfer of prescription records.

3. * *Red Apple Companies, Inc.* (February 23, 1997): Judgment entered requiring Red Apple and its chairman, John Catsimatidis, to pay a \$600,000 civil penalty to settle charges that they violated a 1994 consent order when they failed to divest five New York City supermarkets by March 1996. The complaint and proposed settlement were filed in the U.S. District Court for the Southern District of New York by Commission attorneys. The consent agreement settled allegations in an administrative complaint that the acquisitions of *Sloan's* supermarkets substantially reduced competition in four areas of Manhattan.

4. * *Rite Aid Corporation* (February 25, 1998): Rite Aid agreed to pay a \$900,000 civil penalty to settle charges that it failed to divest three drug stores located in Bucksport and Lincoln, Maine, and Berlin, New Hampshire as required by a 1994 consent order. The consent order settled allegations that Rite Aid's acquisition of LaVerdiere Enterprises, Inc. would lead to higher prices for prescription drugs sold in retail stores in the three areas. The complaint and proposed settlement filed in the U.S. District Court for the District of Columbia by Commission attorneys, would require Rite Aid to pay the civil penalty to the U.S. Department of Treasury within 30 days.

5. * *Schnuck Markets, Inc.* (July 28, 1997): Schnuck agreed to pay a \$3 million civil penalty to settle charges that the supermarket chain allowed numerous stores, designated for divestiture under a 1995 consent order, to deteriorate before being sold. The settlement requires Schnuck to divest two closed supermarkets in the St. Louis area within six months to a Commission approved acquirer. The complaint and settlement were filed in U.S. District Court for the Eastern District of Missouri.

F. Other Commission Orders

1. *Blodgett Memorial Medical Center* (September 26, 1997): The Commission ended its administrative challenge of the proposed merger of Blodgett and Butterworth Health Corporation, two acute care inpatient hospitals in the Grand Rapids, Michigan area, concluding that further litigation in the case was not in the public interest. The complaint was dismissed under a 1995 policy statement in which the Commission determines on a case-by-case basis whether to pursue administrative litigation in merger cases after a federal district court declined to bar the firms from merging pending the outcome of an administrative trial. The hospitals merged in 1997.

2. ***Coca-Cola Bottling of the Southwest*** (September 10, 1996): The Commission dismissed its complaint against Coca-Cola Bottling Company of the Southwest after the U.S. Court of Appeals for the Fifth Circuit ruled that the competitive effects of the 1984 acquisition of a Texas-area *Dr Pepper* franchise should have been reviewed under the Soft Drink Interbrand Competition Act of 1980 rather than the Clayton Act. The Commission said that, while it disagreed with the court decision, the circumstances underlying the court's decision were not likely to apply in future cases involving an acquisition of soft drink bottlers.

3. ***Freeman Hospital*** (November 30, 1995): The Commission determined not to pursue the administrative litigation and dismissed the complaint that challenged the merger of the second and third largest acute care hospitals in the Joplin, Missouri metropolitan area. The complaint alleged that the merger of *Freeman* and *Oak Hill Hospitals* substantially reduced competition and raised prices for inpatient acute care hospital services in the area. The hospitals consummated the merger after the Eighth Circuit affirmed the district court's denial of the Commission's motion for a preliminary injunction. The decision to end the administrative proceedings was made in accordance with a 1995 policy statement under which the Commission would evaluate on a case-by-case basis whether to pursue administrative litigation after the denial of a preliminary injunction.

G. Complaints

1. * ***Automatic Data Processing, Inc.*** (November 13, 1996): An administrative complaint charged that the 1995 acquisition of *AutoInfo, Inc.* created a monopoly and raised prices in the automobile salvage yard information management industry. A final order (October 10, 1997) requires the divestiture of specific integrated computer systems for auto parts inventory exchange.

2. ***Blodgett Memorial Medical Center*** (November 18, 1996): The administrative complaint charged that the proposed merger of *Blodgett* and *Butterworth Hospital* would substantially reduce competition for acute-care inpatient hospital services in the Grand Rapids, Michigan area.

3. * ***Monier Lifetile LLC*** (September 22, 1998): An administrative complaint charged that the *Monier* joint venture formed by concrete roofing tile manufacturing division of *Boral Ltd.* and *LaFarge SA* could significantly diminish competition in areas of the Southwest and Florida. A proposed consent order accepted for public comment (March 2, 1999) requires the divestiture of production facilities in Casa Grande,

Arizona; Corona, California; and Fort Lauderdale, Florida.

H. Other

1. **Clayton Act -- Section 8** (Effective January 11, 1999): Changes in two threshold figures, based on the change in the Gross National Product, define when it is unlawful for an individual to serve as an officer or director of two or more competing corporations: (1) each of the two companies has capital, surplus and undivided profits in excess of \$15,308,000; and (2) the competitive sales of each corporation exceed \$1,530,800.

2. **Horizontal Merger Guidelines** (Effective April 8, 1997): The Commission and the Department of Justice revised their joint *1992 Horizontal Merger Guidelines* to clarify how they analyze efficiency claims in mergers under review and what merging firms must do to demonstrate claimed efficiencies. The revisions explain how efficiencies may affect the analysis of whether a proposed merger may lessen competition substantially in a relevant market. The revisions define more precisely which efficiencies are attributable to a proposed merger and which could be achieved in other ways, clarify what parties must do to demonstrate claimed efficiencies, and explain how efficiencies are factored into the analysis of the competitive effects of a merger.

3. **Protocol** (Effective March 11, 1998): The Commission, the Department of Justice and the National Association of Attorneys General released a "Protocol" of how the agencies will conduct joint and coordinated merger investigations to minimize the burden on private parties; protect confidential information; encourage a close collaboration between federal and state officials in the settlement process; and coordinate efforts in the release of information to the news media.

II. Hart-Scott-Rodino Antitrust Improvements Act Enforcement

A. Court Decisions

None

B. Consent Orders

1. * *Automatic Data Processing, Inc.* (March 27, 1996): ADP agreed to pay \$2.97 million in civil penalties for failing to include key competitive documents in a premerger filing for its acquisition of *AutoInfo, Inc.* The documents excluded from the filing included a marketing plan explaining how the acquisition would enable ADP to "monopolize the salvage industry." The civil penalty settlement is the third largest ever obtained for a violation of the Hart-Scott-Rodino Antitrust Improvements Act of 1976 and is also the largest ever obtained under charges for failure to submit documents required by item 4(c) of the Notification and Report Form. The complaint was filed in U.S. District Court for the District of Columbia by Commission attorneys serving as special attorneys to the U.S. Attorney.

2. * *Blackstone Capital Partners II Merchant Banking Fund L.P.* (March 31, 1999): Blackstone and one of its general partners, Howard A. Lipson, agreed to pay \$2,835,000 to settle charges that they failed to file notification before acquiring the *Prime Succession, Inc.* chain of funeral homes. When the Blackstone notification and report form was submitted, Mr. Lipson certified the filing to be "true, correct and complete". That filing contained no documentation relating to the Prime acquisition, later discovered by the antitrust agencies through documentation submitted by another filing person in an unrelated transaction. Under terms of the settlement, Blackstone will pay \$2,785,000; Mr. Lipson will pay \$50,000. This is the first time HSR civil penalties have been imposed on an individual for improper certification of an HSR Notification and Report Form. The complaint and settlement were filed in U.S. District Court for the District of Columbia by Commission attorneys acting as special attorneys to the U.S. Attorney General.

3. * *Foodmaker, Inc.* (August 13, 1996): Foodmaker paid \$1.45 million in civil penalties to settle charges that its Chi-Chi's subsidiary failed to comply with the notification and filing requirements under the HSR Act before it acquired *Consul, Inc.*, operator of 26 Chi-Chi's franchises. The complaint was filed in the U.S. District Court

for the District of Columbia by Commission attorneys acting as special attorneys to the U.S. Attorney General.

4. * *Harry E. Figgie, Jr.* (February 13, 1997): Mr. Figgie agreed to pay a \$150,000 civil penalty to settle charges that he acquired restricted voting securities in *Figgie International Inc.* without notifying the two federal antitrust enforcement agencies under the HSR Act. The complaint and settlement were filed in U.S. District Court for the District of Columbia by Commission attorneys serving as special attorneys to the U.S. Attorney General.

5. * *Loewen Group Inc. and Loewen Group International, Inc.* (March 31, 1998): Loewen Group and its subsidiary paid a \$500,000 civil penalty for failure to file a notification and observe the required waiting period with the two federal antitrust agencies before acquiring voting securities of Prime Succession, Inc., valued at \$16 million. The complaint and settlement were filed in U.S. District Court for the District of Columbia by Commission attorneys serving as Special Attorneys to the U.S. Attorney General.

6. * *Mahle GmbH and Metal Leve S.A.* (February 27, 1997): Mahle, a German piston manufacturer, and *Metal Leve*, a Brazilian competitor, agreed to pay a record \$5.6 million civil penalty for failing to comply with the premerger notification and waiting period requirements before Mahle acquired more than a 50 percent interest in Metal Leve. The complaint, filed in the U.S. District Court for the District of Columbia by Commission attorneys, alleged that the parties knew that the transaction posed serious antitrust concerns and consummated the deal knowing that they were violating the provisions of the HSR Act. The civil penalty is the largest amount collected for a violation of this type.

7. * *Sara Lee Corporation* (February 9, 1996): Complaint charged that Sara Lee deliberately avoided the premerger reporting and waiting period requirements of the HSR Act when it acquired the shoe-care products business of its major competitor, *Reckitt & Colman*. The settlement, filed in U.S. District Court for the District of Columbia by Commission attorneys acting under authorization of the Attorney General, was, at the time, the largest civil penalty ever obtained under Section (g)(1) of the premerger rules and required a payment of \$3.1 million.

8. * *Titan Wheel International, Inc.* (May 6, 1996): Titan Wheel paid a \$130,000 civil penalty to settle charges that it acquired a *Pirelli Armstrong Tire Corporation* plant in Des Moines before notifying the two federal antitrust agencies and observing the statutory waiting period. According to the complaint, the parties

transferred control of the Pirelli Armstrong assets three days before filing notification under the HSR Act with the Commission and the Department of Justice. The complaint was filed in the U.S. District Court for the District of Columbia by Commission attorneys acting as special attorneys to the U.S. Attorney General.

C. *Complaints (Complaints filed as part of a consent agreement not listed separately)*

None

D. *Rules and Formal Interpretations*

1. ***Rules to Exempt Certain Mergers and Acquisitions*** (Final Rules March 25, 1996): The Commission and the Department of Justice adopted rules to exempt certain classes of transactions that are not likely to raise antitrust concerns from the reporting and waiting period requirements of the HSR Act. The rules exempt the following types of transactions:

- certain purchases of goods in the ordinary course of business;
- certain real estate acquisitions;
- acquisitions of oil and natural gas reserves valued at \$500 million or less and coal reserves valued at \$200 million or less;
- certain acquisitions of voting securities of companies that hold real property; and
- acquisitions by institutional investors acquiring real estate solely for rental or investment purposes.

2. ***Rules to Exempt Certain Acquisitions Required by FTC Orders or Court Orders. Amendment to Rule 802.70*** (Final Rules Effective June 25, 1998): Amended rule would exempt from the HSR reporting requirements: (1) acquisitions of stock or assets to be divested by a Commission order or any federal court in an action brought by the Commission or the Department of Justice; and (2) divestitures included in consent agreements that have been accepted by the Commission or the Department of Justice.

3. ***Limited Liability Companies – Formal Interpretation*** (Effective March 1, 1999): Creation of an LLC which unites two or more independently-owned business under common control may be subject to the reporting requirements of the HSR Act, if

the size thresholds of the HSR Act are met.

E. Other

1. ***Premerger Notification Annual Report to Congress Pursuant to Section 201 of the Hart-Scott-Rodino Antitrust Improvements Act of 1976*** (October 10, 1996): Seventeenth Annual Report (Fiscal Year 1994).
2. ***Premerger Notification Annual Report to Congress Pursuant to Section 201 of the Hart-Scott-Rodino Antitrust Improvements Act of 1976*** (March 25, 1997): Eighteenth Annual Report (Fiscal Year 1995).
3. ***Premerger Notification Annual Report to Congress Pursuant to Section 201 of the Hart-Scott-Rodino Antitrust Improvements Act of 1976*** (August 25, 1997): Nineteenth Annual Report (Fiscal Year 1996).
4. ***Premerger Notification Annual Report to Congress Pursuant to Section 201 of the Hart-Scott-Rodino Antitrust Improvements Act of 1976*** (May 29, 1998): Twentieth Annual Report (Fiscal Year 1997).
5. ***Premerger Notification Annual Report to Congress Pursuant to Section 201 of the Hart-Scott-Rodino Antitrust Improvements Act of 1976*** (March 1999): Twenty-first Annual Report (Fiscal Year 1998).

III. Non-Merger Enforcement

HORIZONTAL ENFORCEMENT

A. Commission Opinions/Initial Decisions

1. **California Dental Association** (March 26, 1996): The Commission upheld an administrative complaint that alleged that the association interfered with its members' use of truthful and nondeceptive advertising to promote the price, quality, and availability of dental services. The order, which upholds a 1995 initial decision of an administrative law judge, prohibits such practices in the future and requires the association to update its Code of Ethics to remove any language that does not agree with the provisions of the order. The opinion does not prohibit the association from enacting ethical guidelines to regulate false and misleading advertising of dental services or members' solicitation of patients vulnerable to undue influence. The Supreme Court granted California Dental's petition for certiorari.

2. **International Association of Conference Interpreters** (March 14, 1997): The Commission upheld the administrative complaint and ruled that the association had engaged in a decades-long collusive scheme to fix prices for language interpreters. The order, among other things, would bar AIC from creating and distributing fee schedules for interpretation, translation or other language services performed in the United States.

B. Court Decisions

1. **California Dental Association** (October 22, 1997): The U.S. Court of Appeals for the Ninth Circuit affirmed the Commission's March 1996 order agreeing that: 1) the Commission has jurisdiction over CDA, a not-for-profit corporation; 2) there was an agreement among competitors; 3) the agreement unreasonably restrained trade under a "quick look" rule of reasoning analysis; and 4) CDA was responsible for the action of its members in restricting truthful, nondeceptive advertising. The Ninth Circuit denied CDA's petition for a rehearing on January 28, 1998.

C. Authorizations to Seek Preliminary/Permanent Injunctions

None

D. Consent Orders

1. * *Asociacion de Farmacias Region de Arecibo* (Final Order March 2, 1999): A pharmacy association in northern Puerto Rico and Ricardo Alvarez Class settled charges that they engaged in an illegal boycott in an attempt to obtain higher reimbursement rates for pharmacy goods and services under the government's managed care plan for the indigent. The consent order prohibits the members of the association from engaging in joint negotiations for prices and from threatening to boycott or refusing to provide pharmacy services.

2. * *Checkpoint Systems, Inc.* (Final Consent Order April 6, 1998): Checkpoint Systems, Inc. and *Sensormatic Electronics Corporation*, the two largest marketers of electronic article surveillance systems used in retail stores to prevent shoplifting, agreed to nullify and void the section of their June 1993 agreement that restricts negative advertising and promotional claims about each other's products or services. The consent order also prohibits each firm from entering into any agreement that restricts truthful, non-deceptive advertising, comparative advertising or promotional and sales activities.

3. * *Chrysler Dealers* (Proposed Consent Agreement Accepted for Public Comment July 31, 1998): An association of 25 automobile dealerships agreed to settle charges that they agreed to boycott Chrysler if the manufacturer continued to allocate vehicles based on total sales. Competing dealers marketed vehicles offering lower prices on the Internet and were taking substantial sales from other dealers in the Northwest. The consent order prohibits the dealers from threatening to enter into any boycott or refusal to deal with any automobile manufacturer or consumer.

4. * *College of Physicians and Surgeons of Puerto Rico* (September 29, 1997): The Commission authorized staff to file a complaint and settlement in federal district court to settle allegations that the College and three physician groups engaged in an illegal boycott in an effort to coerce the government to make price-related changes under Puerto Rico's government-managed care plan for the indigent. According to the complaint, filed by the Commission and Puerto Rico's Attorney General in the U.S. District Court of Puerto Rico on October 2, 1997, the College and physicians engaged in an eight day boycott of all physician services for non-emergency patient care, which caused many people to be treated at area hospital emergency rooms and forced others to completely forego medical care. The proposed settlement would prohibit such practices in the future and in addition, the proposed order will require the College to pay \$300,000 to the catastrophic fund administered by the Puerto Rico Department of Health.

5. * *Columbia River Pilots* (Final Order March 1, 1999): A consent order prohibits licensed marine pilots in the State of Oregon from imposing unreasonable noncompete agreements, allocating customers and engaging in exclusive dealing contracts for the provision of piloting services on the Columbia River.
6. *Council of Fashion Designers of America* (Final Order October 17, 1995): Consent order prohibits CFDA and the 7th on Sixth, Inc. trade associations from attempting to organize any agreement to fix the prices for professional modeling services and other modeling agency services provided to major fashion shows.
7. * *Dentists of Juana Diaz, Cuamo and Santa Isabel, Puerto Rico* (Final Order February 12, 1999): Dentists in three communities in Puerto Rico settled charges that they refused to provide dental services under the government's managed care plan for the indigent unless they received certain prices. Under the terms of the consent order, the dentists are prohibited from jointly boycotting or refusing to deal with any third party payer to obtain higher reimbursement rates for dental services.
8. *Detroit Automobile Dealers Association* (Final Order June 3, 1997): Consent order settles charges against the eleven remaining dealerships in this litigated matter. The administrative complaint charged that the association and its more than 200 member dealerships and individuals illegally conspired to limit their showroom hours in an attempt to restrain competition in the sale of new cars in the Detroit area. Certain dealers and associations settled the case in 1994. In June 1995, the Commission ruled against the remaining respondents, finding that the dealers' agreement harmed consumers by restricting their ability to comparison shop and that the dealers were not entitled to the nonstatutory labor exemption of the antitrust laws. The order binds the dealerships to the 1995 order with one modification; the requirement that the dealerships remain open for a minimum number of hours per week for one year has been shortened to the time during which the respondents complied with the provision while the matter was under appeal. In addition, the Commission determined that the effective date of the consent order be construed to be the effective date of the June 1995 decision.
9. * *Ethyl Corporation* (Final Consent Order June 16, 1998): The consent order settled charges that Ethyl and The Associated Octel Company Ltd. entered into an agreement whereby Ethyl agreed to stop manufacturing lead antiknock compounds and, in return, Octel agreed to supply Ethyl with a limited volume of lead antiknock compounds. The complaint issued with the consent order charged that the agreement eliminated competition between the two firms. Under terms of the consent order, Octel

must modify the agreement with Ethyl to remove price and volume restrictions and both firms are prohibited from disclosing to one another the prices that they charge their customers.

10. * *Fastline Publication, Inc.* (Final Consent Order July 28, 1998): Fastline settled charges that it deprived consumers of the benefits of competition among farm equipment dealers when the publisher entered into agreements with the dealers to ban price advertising for new equipment in an attempt not to disclose those dealers who offered discounted prices. The consent order prohibits such practices in the future.

11. *Federal News Service Group, Inc. and Reuters America, Inc.* (Final Orders December 18, 1995): Two orders settle charges that FNS became the sole producer of verbatim news transcripts after it entered into a production and sale agreement not to compete with its competitor, Reuters America. The consent orders prohibit the firms, among other things, from entering into or soliciting any agreement that would restrain competition in the production, marketing or sale of news transcripts.

12. * *Institutional Pharmacy Network* (Final Order August 11, 1998): A final order prohibits five institutional pharmacies from engaging in any joint price negotiation or price agreements for the provision of prescription drugs in an attempt to maximize reimbursement rates with managed care organizations.

13. * *M.D. Physicians of Southwest Louisiana, Inc.* (Final Order August 31, 1998): A group of physicians in the area of Lake Charles, Louisiana settled charges that they illegally conspired to fix the prices for professional services by engaging in joint price negotiations with third-party payers. The final consent order prohibits such practices but does allow the MDP to engage in legitimate joint conduct.

14. *Mesa County Physicians IPA* (Proposed Consent Order Accepted for Comment February 27, 1998): A Colorado physicians' organization agreed to settle charges issued in an administrative complaint alleging that the Mesa County IPA conspired with its members to increase prices for physician services and thereby prevented third party payers such as preferred provider organizations, health maintenance organizations, and employer health care purchasing cooperatives from offering alternative health insurance programs to consumers in Mesa County.

15. * *Montana Associated Physicians, Inc. and Billings Physician Hospital Alliance, Inc.* (Final Order January 13, 1997): Consent order prohibits Montana Associated and Billings Physician from engaging in any agreement with physicians to negotiate or refuse to deal with any health care maintenance organization

or preferred provider organization and from fixing the fees charged for physician services.

16. * *North Lake Tahoe Medical Group, Inc.* (Proposed Consent Agreement Accepted for Public Comment March 22, 1999): Physicians practicing in the North and South Lake Tahoe areas agreed to settle charges that they conspired to fix the prices and terms for professional services. The proposed consent agreement would prohibit the IPA from engaging in collective negotiations to fix prices, refusing to deal with third party payers and from coercing payers into accepting IPA fee schedules and minimum reimbursement rates.

17. * *Port Washington Real Estate Board* (Final Order November 17, 1995): Final order prohibits the Port Washington, New York operator of the predominant multiple listing service from engaging in practices that restrain competition among real estate brokers in the provision of residential real estate. Among the practices named in the complaint issued with the consent agreement are: (1) restricting the use of exclusive agency listings; (2) fixing commission splits between listing and selling brokers; (3) prohibiting members from holding open house or using "For Sale" signs; and (4) restricting brokers from advertising free services to property owners.

18. * *Precision Moulding Co. Inc.* (Final Order September 3, 1996): Precision Moulding agreed to settle charges that it attempted to fix prices in the market for stretcher bars used to construct frames for artists' canvases. The complaint alleges that representatives of Precision Moulding invited a new competitor in the industry to raise its prices, suggesting that the competitor's prices were too low.

19. * *RxCare of Tennessee, Inc.* (Final Order June 10, 1996): Consent order bars Tennessee's largest provider of pharmacy network services from enforcing a "most favored nation" clause that prohibits its network pharmacies from accepting lower reimbursement rates for the prescriptions they fill for patients covered by other health networks or third party payers. In addition, the consent order requires RxCare to remove the MFN clause from existing contracts with pharmacies already in the network.

20. * *Santa Clara Motor Car Dealers Association* (Final Order December 13, 1995): Consent order prohibits the association from participating in any boycott because of the advertising practices of any newspaper, periodical, television or radio station. The order settles charges that the association carried out a boycott of the San Jose Mercury News after the newspaper published an article informing consumers how to analyze new car factory invoices.

21. * *Sensormatic Electronics Corporation* (Final Consent Order April 6, 1998): Refer to the discussion under Checkpoint Systems, Inc., number 2 above.
22. * *South Lake Tahoe Lodging Association* (Final Order October 7, 1998): Consent order prohibits the association from entering into agreements that restrict its members from posting or advertising room rates for lodgings in the South Lake Tahoe area of Northern California and Nevada.
23. * *Stone Container Corporation* (Final Consent Order May 18, 1998): Consent order prohibits Stone Container from manipulating the market for linerboard, a corrugated box component, to effect future price increases; encouraging its competitors to support a coordinated price increase in the industry; and engaging in other joint pricing actions that involve third-party sales in the market.
24. *Summit Communications Group, Inc.* (Final Order October 20, 1995): Consent order prohibits Summit Communications Group, Inc. and Wometco Cable TV from entering into agreements with other providers of cable television systems that allocate services to customers and divide markets among local cable systems.
25. *Summit Technology, Inc.* (Final Order February 23, 1999): Summit Technology and VISX, Inc., two ophthalmic laser manufacturers, settled charges that they fixed prices by establishing a patent pool to share their proceeds. The consent order prohibits each firm from engaging in any price fixing practices and from restricting each other's sales or licensing of their photorefractive keratectomy, eye surgery that uses lasers to correct vision.
26. * *Urological Stone Surgeons, Inc. and Parkside Kidney Stone Centers* (Final Order April 6, 1998): Consent order settles allegations that Urological Stone Surgeons, Parkside Kidney Stone Centers, Urological Services, Ltd and two physicians engaged in a price-fixing conspiracy to raise the price for professional urologist services for lithotripsy procedures in the Chicago metropolitan area. The complaint alleges that the parties agreed to use a common billing agent, established a uniform fee for lithotripsy services, prepared and distributed fee schedules, and negotiated contracts with third party payers on behalf of all urologists using the Parkside facility. The consent order prohibits such practices in the future and requires the parties to notify the Commission at least 45 days before forming or participating in an integrated joint venture to provide lithotripsy professional services.

E. Complaints

1. * *Mesa County Physicians Independent Practice Association* (May 12, 1997): An administrative complaint alleged that the Mesa County Physicians IPA conspired to fix the prices for physician services and encouraged its member physicians not to deal with certain health insurance companies or other third party payers. A proposed consent agreement accepted for comment would settle the administrative charges.
2. * *Summit Technology, Inc. and VISX, Inc.* (March 24, 1998): An administrative complaint alleged that Summit and VISX, the only two firms that market laser equipment for vision correcting eye surgery, engaged in a price fixing conspiracy that eliminated price competition and product expansion through the establishment of a patent pool, to which each firm contributed a patent, and then shared in the proceeds each time a Summit or VISX laser was used. A consent order settled charges under Counts I and II of the complaint. Administrative hearings were held on Count III. Awaiting the initial decision of the Administrative Law Judge.

F. Other

Policy Statements

1. *1996 Statements of Antitrust Enforcement Policy in Health Care* (August 28, 1996): The Commission and the Department of Justice issued revised statements to emphasize that the same antitrust principles that govern other industries apply to health care providers and describe, based on the Commission's extensive experience in the area, how these basic principles are applied to the health care sector.

Advisory Opinions

1. *Associates in Neurology* (August 13, 1998): Eleven independent Los Angeles neurologists plan to establish a provider association to provide in-office services and hospital visits on a capitated basis.
2. *Phoenix Medical Network, Inc.* (May 20, 1998): Network of physicians in Erie, Pennsylvania to provide medical services for a percentage of the insurance premiums collected by the payers.

3. ***Alliance of Independent Medical Services, LLC*** (December 22, 1997): Network of ambulance and ambulette services providers formed to contract for transportation services with third party payers.
4. ***Direct Marketing Association*** (October 14, 1997): Staff advised that the association could require its members to (1) honor requests from consumers that direct marketers not contact them, (2) disclose to consumers how their members sell personal information about those consumers, and (3) honor consumers' requests that the members not sell or transfer their personal information.
5. ***New Jersey Pharmacists Association*** (August 12, 1997): Pharmacist network offering health education and monitoring services to diabetes and asthma patients.
6. ***First Look, L.L.C.*** (June 19, 1997): Network of optical firms organized to respond to requests for proposals for employer contracts for optical and vision services.
7. ***Yellowstone Physicians, LLC*** (May 17, 1997): Multispecialty physician network joint venture formed to contract with third party payers.
8. ***Foundation for the Accreditation of Hematopoietic Cell*** (April 18, 1997): Standard-setting and accreditation program for organizations involved in medical or laboratory practice related to hematopoietic progenitor cell therapy.
9. ***Henry County Memorial Hospital*** (April 10, 1997): Sales of pharmaceuticals by non-profit hospital to patients of the hospital's PHO.
10. ***Ohio Ambulance Network*** (January 23, 1997): Network of ambulance and ambulate services providers formed to contract for transportation services with third party payers.
11. ***Mobile Health Resources*** (January 23, 1997): Network of ambulance companies formed to contract for transportation services with third party payers.
12. ***Southwest Florida Oral Surgery Associates*** (December 2, 1996): Cooperative of oral and maxillofacial surgery practices formed to jointly market services to third party payers.
13. ***North Ottawa Community Hospital*** (October 22, 1996): Sales of

pharmaceuticals by non-profit hospital to unaffiliated, non-profit hospice.

14. *Business Health Companies, Inc.* (October 18, 1996): Survey of hospital prices by third party consultant.

15. *North Mississippi Health Services* (October 3, 1996): Sales of pharmaceuticals by non-profit medical center to retired employees.

16. *Valley Baptist Medical Center* (September 19, 1996): Sales of pharmaceuticals by non-profit medical center to medical center operated clinic.

17. *Mayo Medical Laboratories* (July 17, 1996): State or regional networks of hospital laboratories providing outpatient laboratory services organized to compete for payer contracts.

18. *William W. Backus Hospital* (June 11, 1996): Sales of pharmaceuticals by non-profit hospital to related non-profit clinics.

19. *American Medical Association* (March 26, 1996): Dissemination of public information relating to proposed revisions to Medicare's resource-based relative value scale.

20. *Uronet of Louisiana, L.L.C.* (January 23, 1996): IPA network of urologists formed to contract with managed care plans.

21. *Southern Arizona Therapy Network, Inc.* (December 7, 1995): Provider network of physical, occupational, and speech therapists organized to facilitate contracts among network members and payers.

22. *Columbine Family Health Center* (November 8, 1995): Proposal to add a patient sorting provision to an agreement between an acute care hospital and a rural health care clinic.

VERTICAL ENFORCEMENT

A. Commission Opinions/Initial Decisions

1. *Harper & Row Publishers, Inc.* (September 10, 1996): The Commission

dismissed separate administrative complaints against six book publishers, ruling that changes in the book distribution industry have corrected the alleged price discrimination practices specified in the 1988 complaint. The complaints had charged that the publishers used unfair methods of competition by engaging in discriminatory pricing practices and services in the sale of trade books and mass-market paperbacks.

2. *Toys "R" Us* (Commission Decision October 14, 1998; September 30, 1997): An Administrative Law Judge issued an initial decision that, if made final, would prohibit Toys "R" Us from entering into agreements with toy manufacturers and others that result in restrictions on sales to warehouse clubs. TRU threatened to stop buying products that were sold to warehouse clubs, which resulted in major toy makers halting the sale of certain products to clubs. The ALJ found that these practices reduced competition and led to higher toy prices. The initial decision would prohibit the toy chain from entering into any agreement with a supplier to restrict sales to any toy discounter; from facilitating agreements among suppliers that would limit sales to any retailer; and for five years, from refusing to or announcing it will refuse to purchase from a supplier because the supplier sells to a toy discounter. On October 14, 1998 the Commission issued its decision that Toys R Us had orchestrated horizontal and vertical agreements with and among toy manufacturers to restrict the availability of popular toys to warehouse clubs.

B. Court Decisions

1. * *Federated Department Stores* (Order Violation October 19, 1995): A settlement was entered in the U.S. District Court for the District of Columbia requiring Federated to pay \$250,000 in civil penalties to settle charges that it violated a 1979 consent order by threatening to block a competitor from acquiring retail space in a Florence, Kentucky mall in which Federated operates a Lazarus department store.

C. Authorization to Seek Preliminary/Permanent Injunctions

1. * *Mylan Laboratories, Inc.* (December 22, 1998): Complaint filed in the U.S. District Court for the District of Columbia charged Mylan with restraint of trade, monopolization and conspiracy to monopolize the market for two generic drugs used to treat anxiety, lorazepam and clorazepate, through exclusive dealing arrangements. The complaint seeks consumer redress of at least \$120 million and to enjoin the alleged illegal exclusive licensing agreements.

D. Consent Orders

1. * ***American Cyanamid*** (Final Order May 12, 1997): The final consent order settles charges that American Cyanamid entered into written agreements with its retail dealers to offer substantial rebates to dealers who sold the company's agricultural chemical products at or above specified minimum resale prices. The order prohibits American Cyanamid from conditioning the payment of rebates or other promotions on the resale prices its dealers charge for its products.

2. * ***Hale Products, Inc.*** (Final Order November 25, 1997): Hale and Waterous Company, Inc. agreed to settle charges that for more than 50 years they sold fire pumps on an exclusive basis to fire truck manufacturers in an attempt to allocate the customers each would serve, thereby making it more difficult for other pump makers to enter the market. The two consent orders prohibit each company from enforcing any requirement that fire truck manufacturers refrain from purchasing mid-ship mounted fire pumps from any other company, or that they purchase or sell only the relevant Hale or Waterous pumps.

3. * ***New Balance Athletic Shoe, Inc.*** (Final Order September 10, 1996): Consent order settles charges that New Balance fixed and controlled the resale prices of its shoes in an effort to raise retail prices for its athletic footwear.

4. * ***Waterous Company, Inc.*** (Final Order November 22, 1997): Waterous and Hale Products, Inc. agreed to settle charges that for more than 50 years they sold fire pumps on an exclusive basis to fire truck manufacturers in an attempt to allocate the customers each would serve, thereby making it more difficult for other pump makers to enter the market. The two consent orders prohibit each company from enforcing any requirement that fire truck manufacturers refrain from purchasing mid-ship mounted fire pumps from any other company, or that they purchase or sell only the relevant Waterous or Hale pumps.

E. Complaints

1. * ***Intel Corporation*** (July 8, 1998): An administrative complaint charged that Intel Corporation used its monopoly power to deny three companies continuing access to technical information necessary to develop computer systems based on Intel microprocessors. A proposed consent order accepted for public comment (March 11, 1999) would prohibit Intel, among other things, from withholding certain advance

technical information from a customer for reasons relating to an intellectual property dispute with that customer.

2. * *Toys "R" Us* (May 22, 1996): Administrative complaint charged that Toys "R" Us used its market power to illegally extract agreements from suppliers not to sell selective toys to competing warehouse clubs, thereby reducing toy outlet choices for consumers and increasing prices.

F. Other

None

SINGLE FIRM ENFORCEMENT

A. Commission Opinions/Initial Decisions

None

B. Court Decisions

None

C. Consent Orders

1. * *Dell Computer Corporation* (Final Order April 20, 1996): Final consent order resolves charges of unlawful practices in standard-setting. The order prohibits Dell from enforcing its patent rights against computer manufacturers that adopt VL-bus technology design standard in the central processing unit of computers that use 486 chips. The consent order is the first time a federal antitrust agency has taken an enforcement action against an entity that attempted to restrain competition through abuse of a voluntary standard-setting process.

D. Complaints

None

E. Other

None

IV. International Activities

1. **International Cases - International Cooperation.** The FTC cooperates with foreign antitrust agencies to enforce the antitrust laws in cases where the actors and effects may be subject to scrutiny in foreign countries as well as in the United States. Examples in the past year include transnational mergers such as Boeing/McDonnell Douglas, Guinness/Grand Metropolitan, and Federal-Mogul/T&N. The Commission, with the Department of Justice, has been seeking to deepen international enforcement cooperation through the conclusion of a new positive comity agreement with the European Community and a Mutual Assistance Agreement with Australia under the International Antitrust Enforcement Assistance Act of 1994.

2. **International Organizations.** The Commission works within international organization, such as Organization for Economic Cooperation and Development (OECD), the World Trade Organization (WTO), NAFTA, and APEC, to promote competition policies and enforcement practices that can be followed by all member countries and are consistent with the goals of maintaining competition and open markets and enhancing consumer welfare.

OECD. At the OECD, the FTC and DOJ completed work in the Committee for Competition Law and Policy (CLP) on a recommendation concerning cooperation in dealing with hard-core cartels. The recommendation, adopted recently by the CLP, calls upon member countries to voluntarily adopt and maintain adequate laws for prohibiting and deterring hard-core cartels and enabling cooperation in enforcement among foreign competition authorities.

WTO. As a result of the WTO Ministerial in Singapore in December, 1996, a WTO working party was established to study issues relating to the interaction between trade and competition policy in order to identify any areas that may merit further consideration in the WTO framework. It is expected to complete its work by the end of this year.

3. **Technical Assistance.** The FTC provides technical assistance to new antitrust and consumer protection authorities throughout the world. With financial assistance from the United States Agency for International Development, long-term projects are undertaken in Central and Eastern Europe, the former Soviet Union, and Latin America.

V. *Competition Speeches*

1. **“Antitrust Enforcement and High Technology Markets”** (November 12, 1998): William J. Baer, Bureau Director, American Bar Association, Sections of Business Law, Litigation, and Tort and Insurance Practice, San Francisco, California.
2. **“Report from the Bureau of Competition”** (April 2, 1998): American Bar Association, Antitrust Section Spring Meeting 1998, Federal Trade Commission, Washington, DC.
3. **“FTC Perspectives on Competition Policy and Enforcement Initiatives in Electric Power”** (December 4, 1997): William J. Baer, Bureau Director, Conference on The New Rules of the Game for Electric Power: Antitrust & Anticompetitive Behavior, Washington, DC.
4. **“New Myths and Old Realities: Perspectives on Recent Developments in Antitrust Enforcement”** (November 17, 1997): William J. Baer, Bureau Director, Bar Association of the City of New York, New York, NY.
5. **“Government Enforcement and Guidance in Health Care Antitrust: Maintaining the Balance”** (August 5, 1997): Robert Leibenluft, Assistant Director, American Bar Association 1997 Annual Meeting.
6. **“Report from the Bureau of Competition”** (April 9-10, 1997): William J. Baer, Bureau Director, American Bar Association, Antitrust Section, Spring Meeting 1997, FTC and Clayton Act Committees, Washington, DC.
7. **“Merger Remedies”** (April 10, 1997): George S. Cary, Senior Deputy Director, American Bar Association, Antitrust Section, Spring Meeting 1997, Washington, D.C.
8. **“Overview of the Advisory Opinion Process at the Federal Trade Commission”** (February 13-14, 1997): Judith A. Moreland, Staff Attorney, National

Health Lawyers Association Antitrust in the Health Care Field, Washington, DC.

9. **“The Convergence of International Competition Regimes -- The European Union: Prospects & Challenges, International Antitrust Cooperation”**

(February 28, 1997): William J. Baer, Bureau Director, Management Centre Europe, Rue de l’Aqueduc 118, B-1050 Brussels, Belgium.

10. **“Distribution & Marketing -- Federal Enforcement: Federal Trade Commission”** (February 7, 1997): William J. Baer, Bureau Director, PLI’s 37th Annual Advanced Antitrust Workshop, Beverly Hills, CA.

11. **“International Antitrust Cooperation & Current Enforcement Issues -- Issues of Interest Arising from the FTC’s Global Competition Hearings”** (January 26 - 28, 1997): William J. Baer, Bureau Director, ABA Antitrust Section’s MidWinter Leadership Meeting, Kona, HA.

12. **“Competition and Market Power in a Restructured Industry and the Effects of Mergers on Consumers”** (December 10, 1996): William J. Baer, Bureau Director, Consumer Energy Council of America Research Foundation, Washington, DC.

13. **“The Changing Nature of Competition: An Antitrust Policy Institute -- ‘Competition and Efficiencies’”** (November 7, 1996): William J. Baer, Bureau Director, The Section of Antitrust Law of the American Bar Association, Washington, DC.

14. **“Reflections on 20 Years of Merger Enforcement under the Hart-Scott-Rodino Act”** (October 29, 1996; October 24, 1996): William J. Baer, Bureau Director, The Conference Board, Washington, DC; and The 35th Annual Corporate Counsel Institute, Northwestern University School of Law, Corporate Law Center, San Francisco, CA

15. **“Current Issues in Health Care Antitrust Enforcement of the Federal Trade Commission”** (October 24, 1996): William J. Baer, Bureau Director, American Bar Association, Antitrust and Health Care: New Approaches and Challenges, Omni Royal Orleans, New Orleans, LA.

16. **“Antitrust 1997: A Briefing for Corporate Counsel”** (October 21, 1996): William J. Baer, Bureau Director, Business Development Associates/Federal Bar Association Program, Washington, DC.

17. **“Emerging Trends in U.S. Antitrust Enforcement”** (July 4, 1996): William J. Baer, Bureau Director, 17th Annual Antitrust and Trade Regulation Seminar of the National Economic Research Associates, Inc., Santa Fe, NM.
18. **“Supermarket Mergers, Divestiture Remedies and Slotting Allowances -- What’s New”** (June 11, 1996): William J. Baer, Bureau Director, Annual Legal Conference of the Food Marketing Institute, Santa Fe, NM.
19. **“Consolidation, Restructuring and Antitrust Regulation: New Trends in Government Oversight in Mergers and Joint Ventures”** (March 7, 1996): William J. Baer, Bureau Director, 1996 Antitrust Conference.
20. **“What Businesses Can Expect from a Pitofsky FTC”** (March 6, 1996): William J. Baer, Bureau Director, 2nd Annual Conference on European and U.S. Competition Law, London, England.
21. **“Antitrust in the Healthcare Field”** (February 22, 1996): William J. Baer, Bureau Director, before the National Healthcare Lawyers Association, Washington, DC.
22. **“The Dollar and Sense of Antitrust Enforcement”** (January 25, 1996): William J. Baer, Bureau Director, New York State Bar Association, New York, NY.
23. **“Antimonopoly Policy Toward State Bodies”** (October 26, 1995): William J. Baer, Bureau Director, Academy of Sciences, Kiev, Ukraine.
24. **“Price Fixing in the U.S.: Continental Group”** (October 25, 1995): William J. Baer, Bureau Director, Academy of Sciences, Kiev, Ukraine.
25. **“Price Fixing and Horizontal Restraints”** (October 24, 1995): William J. Baer, Bureau Director, Academy of Sciences, Kiev, Ukraine.

VI. Statistics

Enforcement Statistics²
Federal Trade Commission
Bureau of Competition
Fiscal Year 1996 - March 31, 1999

Merger Enforcement

Preliminary Injunctions Authorized	8
Part III Administrative Complaints	2
Part II Consents	68
Civil Penalty Actions	13
(g)(1) Actions	9
Other	4
Transactions Abandoned after Second Request Issued	24
<i>Total Merger Actions</i>	115

Non-merger Enforcement

Part III Administrative Complaints	4
Part II Consents	23
Civil Penalty Actions	1
<i>Total Non-Merger Actions</i>	27

² To avoid double counting, this chart includes only those enforcement actions (preliminary injunctions, Part II consents placed on the public record for comment, Part III administrative complaints, and civil penalty actions) in which the Commission took its first public action during the period.

Merger Cases
Fiscal Year 1996 -- March 31, 1999

Proposed Consent Agreements Accepted for Comment

ABB

Albertson's Inc.

Autodesk, Inc.

American Home Products

Baxter International Inc.

Boeing Company, The

British Petroleum Company p.l.c.

Cablevision Systems Corp.

Cadence Design Systems, Inc.

Castle Harlan Partners, II L.P.

Ciba-Geigy Limited

Commonwealth Land Title Insurance Company

Compagnie de Saint-Gobain

CMS Energy Corp.

Cooperative Computing, Inc.

CUC International, Inc.

CVS Corporation

Degussa Corporation

Devro International plc

Dow Chemical Company

Dwight's Energydata, Inc.

EXXON Corporation

Federal-Mogul Corporation

Fresenius A.G.

General Mills, Inc.

Global Industrial Technologies, Inc.

Guinness PLC

Hughes Danbury Optical Systems

Illinois Tool Works, Inc.

Intel Corporation (Digital Equipment)

Insilco Corporation

J.C. Penney Company (Eckerd Corporation)

J.C. Penney Company (Rite Aid Corporation)

Merger Cases
Fiscal Year 1996 -- March 31, 1999

Jitney-Jungle Stores of America, Inc.
Johnson & Johnson
Koninklijke Ahold NV (Giant)
Koninklijke Ahold NV (Stop & Shop)
LaFarge Corporation
Landamerica Financial Group, Inc.
Litton Industries, Inc.
Lockheed Martin Corporation
Loewen Group Inc.
Loewen Group International Inc.
Mahle GmbH
Medtronic, Inc. (Avecor)
Medtronic, Inc. (Physio-Controls)
Merck and Co., Inc.
NGC Corporation
Nortek, Inc.
PacifiCorp
Phillips Petroleum Company
Praxair Inc.
Raytheon Company
Roche Holdings Ltd.
S.C. Johnson & Son, Inc.
Service Corporation International (Equity)
Service Corporation International (Gibraltar Mausoleum)
Shell Oil Company (Coastal)
Shell Oil Company (Texaco)
Sky Chefs, Inc.
Stop & Shop Companies, Inc., The
Tenet Healthcare Corporation
Time Warner Inc.
TRW Inc.
Upjohn Company
Wesley-Jessen Corporation
Williams Companies
Zeneca Group PLC

Preliminary Injunctions Authorized

Blodgett Memorial Medical Center
Cardinal Health Inc.
McKesson Corporation
Mediq Inc.
Questar Corporation
Rite Aid Corporation
Staples Inc.
Tenet Healthcare Corporation

Part III Administrative Complaints

Automatic Data Processing, Inc.
Monier Lifetile

Civil Penalty Actions

Section 7A (g)(1)

Automatic Data Processing, Inc.
Blackstone Capital partners II Merchant Banking Fund L.P.
Columbia/HCA Healthcare Corporation
Foodmaker, Inc.
Loewen Group Inc. and Loewen Group International
Mahle GmbH
Harry E. Figgie, Jr.
Sara Lee Corporation
Titan Wheel International, Inc.

Section 7A (g)(2)

none

Order Violations

CVS Corporation
Red Apple Companies, Inc.
Rite Aid Corporation
Schnuck Markets, Inc.

Non-Merger Cases
Fiscal Year 1996 - March 31, 1999

Proposed Consent Agreements Accepted for Comment

American Cyanamid
Asociacion de Farmacias Region de Arecibo
Checkpoint Systems, Inc.
Chrysler Dealers
College of Physicians and Surgeons in Puerto Rico
Columbia River Pilots Association
Dell Computer Corporation
Dentists of Juana Diaz, Coamo
Ethyl Corporation
Fastline Publications
Hale Products, Inc.
Institutional Pharmacy Network
M.D. Physician of Southeast Louisiana, inc.
MT Associated Physicians, Inc.
New Balance Athletic Shoe, Inc.
North Lake Tahoe Medical Group, Inc.
Precision Moulding Co., Inc.
RxCare of Tennessee, Inc.
Sensormatic Electronics Corporation
South Lake Tahoe Lodging Association
Stone Container Corporation
Urological Stone Surgeons, Inc.
Waterous Company

Part III Administrative Complaints

Intel Corporation
Mesa County Physicians IPA
Summit Technology, Inc. and VISX, Inc.
Toys "R" Us

Civil Penalty Actions

Federated Department Stores

Preliminary/Permanent Injunctions

Mylan Laboratories, Inc.

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