

IN THE MATTER OF

CVS CORPORATION, ET AL.

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

Docket C-3762. Complaint, Aug. 13, 1997--Decision, Aug. 13, 1997

This consent order requires the respondents, among other things, to complete the divestiture of a total of 120 Revco drug stores or pharmacy counters -- 114 stores in Virginia and six pharmacy counters in Binghamton, New York -- in order to restore competition. In addition, the respondents agreed to maintain the assets to be divested to preserve their viability and competitiveness, pending the divestiture.

Appearances

For the Commission: *George Cary, Ernest Elmore, Ann Malester and William Baer.*

For the respondents: *Zenon Lankowsky*, in-house counsel for CVS. *Jack Staph*, in-house counsel for Revco. *Ronan Harty, Davis, Polk & Wardwell*, New York, N.Y. and *Louis Sernoff, Baker & Hostetler*, Washington, D.C.

COMPLAINT

The Federal Trade Commission ("Commission"), having reason to believe that CVS Corporation, through a wholly-owned subsidiary, North Acquisition Corp., has agreed to acquire Revco D.S., Inc., all corporations subject to the jurisdiction of the Commission, in violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. 18, and Section 5 of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. 45; and it appearing to the Commission that a proceeding in respect thereof would be in the public interest, hereby issues its complaint, stating its charges as follows:

I. DEFINITION

1. For the purposes of this complaint, "MSA" means Metropolitan Statistical Area as defined by the United States Department of Commerce, Bureau of the Census.

II. RESPONDENTS

2. Respondent CVS Corporation ("CVS") is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business located at One CVS Drive, Woonsocket, Rhode Island.

3. Respondent Revco D.S., Inc. ("Revco") is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business located at 1925 Enterprise Parkway, Twinsburg, Ohio.

4. For purposes of this proceeding, respondents are, and at all times relevant herein have been, engaged in commerce as "commerce" is defined in Section 1 of the Clayton Act, as amended, 15 U.S.C. 12, and are corporations whose businesses are in or affecting commerce as "commerce" is defined in Section 4 of the FTC Act, as amended, 15 U.S.C. 44.

III. THE ACQUISITION

5. On February 6, 1997, CVS, through a wholly-owned subsidiary, North Acquisition Corp., entered into an Agreement and Plan of Merger to acquire and merge with Revco ("the Acquisition").

IV. THE RELEVANT MARKETS

6. For purposes of this complaint, the relevant line of commerce in which to analyze the effect of the Acquisition is the retail sale of pharmacy services to third-party payors such as insurance carriers, health maintenance organizations, preferred provider organizations, and corporate employers. Pharmacy services refers to the filling of prescription drugs and related pharmacy service benefits. Third-party payors offer retail pharmacy service benefits to their beneficiaries, typically through intermediaries known as pharmacy benefit management firms or PBMs, who create and administer retail pharmacy networks on behalf of third-party payors, so that the beneficiaries of these third-party payors may go to any pharmacy participating in the retail pharmacy network to have their prescriptions filled.

7. For purposes of this complaint, the relevant sections of the country in which to analyze the effect of the Acquisition are:

- a. The State of Virginia; and
- b. The Binghamton, New York MSA.

8. The relevant markets set forth in paragraphs six and seven are highly concentrated, whether measured by Herfindahl-Hirschmann Indices ("HHI") or two-firm and four-firm concentration ratios.

9. Entry into the relevant markets is difficult or unlikely to occur at a sufficient scale to deter or counteract the effect of the Acquisition described in paragraph five.

10. CVS and Revco are actual competitors in the relevant markets.

V. EFFECT OF THE ACQUISITION

11. The effect of the Acquisition may be substantially to lessen competition and to tend to create a monopoly in the relevant markets in violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. 18, and Section 5 of the Federal Trade Commission Act, 15 U.S.C. 45, in the following ways, among others:

a. By eliminating direct actual competition between CVS and Revco in the relevant markets;

b. By increasing the likelihood that CVS will unilaterally exercise market power in the relevant markets; and

c. By increasing the likelihood of collusion in the relevant markets.

12. All of the above increase the likelihood that firms in the relevant markets will increase prices and restrict output both in the near future and in the long term.

VI. VIOLATIONS CHARGED

13. The acquisition agreement described in paragraph five constitutes a violation of Section 5 of the FTC Act, as amended, 15 U.S.C. 45.

14. The Acquisition described in paragraph five, if consummated, would constitute a violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. 18, and Section 5 of the FTC Act, as amended, 15 U.S.C. 45.

DECISION AND ORDER

The Federal Trade Commission ("Commission"), having initiated an investigation of the proposed acquisition of Revco D.S., Inc. ("Revco") by CVS Corporation ("CVS"), and the respondents having been furnished thereafter with a copy of a draft of complaint that the

Bureau of Competition presented to the Commission for its consideration and which, if issued by the Commission, would charge respondents with a violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. 18, and Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. 45; and

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

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

1. Respondent CVS Corporation is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business located at One CVS Drive, Woonsocket, Rhode Island.

2. Respondent Revco D.S., Inc. is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business located at 1925 Enterprise Parkway, Twinsburg, Ohio.

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

ORDER

I.

It is ordered, That, as used in this order, the following definitions shall apply:

A. "*CVS*" means CVS Corporation, its directors, officers, employees, agents and representatives, predecessors, successors, and assigns; its subsidiaries, divisions, groups, and affiliates controlled, directly or indirectly, by CVS, and the respective directors, officers, employees, agents and representatives, successors, and assigns of each. CVS, after consummation of the Acquisition, includes Revco.

B. "*Revco*" means Revco D.S., Inc., its directors, officers, employees, agents and representatives, predecessors, successors, and assigns; its subsidiaries, divisions, groups, and affiliates controlled, directly or indirectly, by Revco, and the respective directors, officers, employees, agents and representatives, successors, and assigns of each.

C. "*Respondents*" mean CVS and Revco.

D. "*Commission*" means the Federal Trade Commission.

E. "*Acquisition*" means CVS's proposed acquisition of all of the outstanding voting securities of and merger with Revco pursuant to the Agreement and Plan of Merger dated February 6, 1997.

F. "*J.C. Penney*" means J.C. Penney Company, Inc., a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its principal place of business located at 6501 Legacy Drive, Plano, Texas.

G. "*Eckerd*" means Eckerd Corporation, an affiliate of J.C. Penney. Eckerd is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its principal place of business located at 8333 Bryan Dairy Road, Largo, Florida.

H. "*Medicine Shoppe*" means Medicine Shoppe International, Inc., a corporation organized, existing, and doing business under and by virtue of the laws of the State of Delaware, with its executive offices located at 1100 North Lindbergh, St. Louis, Missouri.

I. "*Pharmacy Operations*" means Pharmacy Operations, Inc., a wholly-owned subsidiary of Medicine Shoppe. Pharmacy Operations is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Delaware, with offices located at 1100 North Lindbergh, St. Louis, Missouri.

J. "*Acquirer(s)*" means Eckerd, Medicine Shoppe or Pharmacy Operations, and/or the entity or entities approved by the Commission to acquire: the Virginia Assets to be Divested pursuant to paragraph II.A.1 of this order; the Revco Pharmacy Assets pursuant to paragraph II.B.1 or the New York Assets to be Divested pursuant to

paragraph II.B.2 of this order; the Revco Virginia Assets pursuant to paragraph III.A of this order; or the CVS Binghamton Assets pursuant to paragraph III.B of this order.

K. "*Landlord consents*" means all consents from all landlords that are necessary to effect the complete transfer to the Acquirer(s) of the assets required to be divested pursuant to this order.

L. "*MSA*" means Metropolitan Statistical Area, which refers to geographic areas as defined by the United States Department of Commerce, Bureau of the Census.

M. "*Retail drug store*" means a full-line retail store that carries a wide variety of prescription and nonprescription medicines and miscellaneous items, including, but not limited to, drugs, pharmaceuticals, patent medicines, sundries, tobacco products, and other merchandise.

N. "*Retail drug store assets*" means all assets constituting the retail drug store business, excluding those assets pertaining to either the Revco or CVS trade name, trade dress, trade marks and service marks, and including, but not limited to:

1. Leases and properties;
2. Zoning approvals and registrations;
3. Books, records, reports, dockets and lists relating to the retail drug store business;
4. Retail drug store inventory and storage capacity;
5. All records of stock keeping units ("SKUs"), *e.g.*, all forms, package sizes and other units in which prescription drugs are sold and which are used in records of sales;
6. Lists of all customers (including third party insurers) and all files of names, addresses, and telephone numbers of the individual customer contacts, and the unit and dollar amounts of sales, by product, to each customer;
7. All pharmacy files, documents, instructions, papers, books, computer files and records and all other records in any media relating to the retail drug store business;
8. All rights, titles and interests in and to the contracts entered into in the ordinary course of business with customers (together with associated bid and performance bonds), suppliers, sales representatives, distributors, agents, personal property lessors, personal property lessees, licensors, licensees, consignors and consignees, and all names of prescription drug manufacturers and distributors under contract with Revco, at the Acquirer(s)' option;

9. All machinery, fixtures, equipment, vehicles, transportation facilities, furniture, tools and other tangible personal property; and
10. Goodwill, tangible and intangible, utilized in retail drug stores.

O. "*Revco Pharmacy Business*" means Revco's business of selling pharmacy services including prescription drugs at any of the retail drug stores listed in Schedule A of this order, but does not include Revco's business of selling other products in those retail drug stores.

P. "*Revco Pharmacy Assets*" means all assets constituting the Revco Pharmacy Business, excluding those assets pertaining to the Revco trade names, trade dress, trade marks and service marks, and including but not limited to:

1. Leases, at Medicine Shoppe's option;
2. Zoning approvals and registrations, at Medicine Shoppe's option;
3. Books, records, manuals, and operations reports, relating to the Revco Pharmacy Business;
4. Inventory instructions, or, at Medicine Shoppe's option, lists of SKUs, *i.e.*, all forms, package sizes and other units in which prescription drugs are sold and which are used in records of sales and inventories;
5. Lists of all prescription drug customers, including but not limited to third party insurers, including all files of names, addresses, and telephone numbers of the individual customer contacts, the unit and dollar amounts of sales, by product, to each customer, and store profit and loss statement(s); and
6. Goodwill, tangible and intangible, utilized in the sale of prescription drugs.

Q. "*Virginia Assets to be Divested*" means the Revco Retail Drug Store Assets described in Schedule B of this order.

R. "*Revco Virginia Assets*" means all of Revco's Retail Drug Store Assets located in the State of Virginia.

S. "*New York Assets to be Divested*" means the Revco Retail Drug Store Assets described in Schedule A of this order.

T. "*CVS Binghamton Assets*" means all of the CVS Retail Drug Store Assets located in the Binghamton, New York MSA.

U. "*Eckerd Agreement*" means the Purchase and Sale Agreement between Eckerd and CVS executed on May 16, 1997, for the

divestiture by respondents to Eckerd of the Virginia Assets to be Divested.

V. "*Medicine Shoppe Agreement*" means the Purchase and Sale Agreement between Pharmacy Operations or Medicine Shoppe and CVS executed on May 21, 1997, for the divestiture by respondents to Medicine Shoppe of the Revco Pharmacy Assets to be Divested.

II.

It is further ordered, That:

A. Respondents shall divest, absolutely and in good faith, the Virginia Assets to be Divested to:

1. Eckerd, in accordance with the Eckerd Agreement dated May 16, 1997, no later than,

a. Ten (10) days after the date on which this order becomes final,
or

b. Four (4) months after acceptance of the Agreement Containing Consent Order by the Commission,

whichever is later; or

2. An Acquirer that receives the prior approval of the Commission and only in a manner that receives the prior approval of the Commission, within three (3) months after the date on which this order becomes final;

provided that the closing date of the Eckerd Agreement or any other agreement pursuant to which the Virginia Assets to be Divested are divested to an Acquirer shall not occur until after respondents have obtained all required Landlord Consents.

B. Respondents shall divest, absolutely and in good faith, either:

1. The Revco Pharmacy Assets to Medicine Shoppe or Pharmacy Operations in accordance with the Medicine Shoppe Agreement May 21, 1997, no later than,

a. Ten (10) days after the date on which this order becomes final,
or

b. Four (4) months after acceptance of the Agreement Containing Consent Order by the Commission,

whichever is later; or

2. The New York Assets to be Divested to an Acquirer that receives the prior approval of the Commission and only in a manner that receives the prior approval of the Commission, within three (3) months after the date on which this order becomes final;

provided that the closing date of the Medicine Shoppe Agreement or any other agreement pursuant to which the New York Assets to be Divested are divested to an Acquirer shall not occur until after respondents have obtained all required landlord consents.

C. The purpose of the divestitures described herein is to ensure the continued operation of the divestiture assets as assets engaged in the retail sale of pharmacy services to third party payors, and to remedy any lessening of competition resulting from the Acquisition as alleged in the Commission's complaint.

III.

It is further ordered, That:

A. If respondents fail to divest absolutely and in good faith the Virginia Assets to be Divested pursuant to paragraph II.A of this order, the Commission may appoint a trustee to divest the Revco Virginia Assets.

B. If respondents fail to divest absolutely and in good faith either the New York Assets to be Divested or the Revco Pharmacy Assets pursuant to paragraph II.B of this order, the Commission may appoint a trustee to divest the CVS Binghamton Assets.

C. In the event that the Commission or the Attorney General brings an action pursuant to Section 5(1) of the Federal Trade Commission Act, 15 U.S.C. 45(1), or any other statute enforced by the Commission, respondents shall consent to the appointment of a trustee in such action. Neither the appointment of a trustee nor a decision not to appoint a trustee under this paragraph shall preclude the Commission or the Attorney General from seeking civil penalties or any other relief available to it, including a court-appointed trustee pursuant to Section 5(1) of the Federal Trade Commission Act, or any other statute enforced by the Commission, for any failure by respondents to comply with this order.

D. The trustee appointed to accomplish any divestiture pursuant to paragraphs III.A or III.B may be the same person. If a trustee is appointed by the Commission or a court pursuant to paragraphs III.A or III.B of this order, respondents shall consent to the following terms

and conditions regarding the trustee's powers, duties, authority, and responsibilities:

1. The Commission shall select the trustee(s), subject to the consent of respondents, which consent shall not be unreasonably withheld. The trustee shall be a person with experience and expertise in acquisitions and divestitures. If respondents have not opposed, in writing, including the reasons for opposing, the selection of any proposed trustee within ten (10) days after notice by the staff of the Commission to respondents of the identity of any proposed trustee, respondents shall be deemed to have consented to the selection of the proposed trustee.

2. Subject to the prior approval of the Commission, the trustee shall have the exclusive power and authority to accomplish the divestitures described in paragraphs III.A and III.B.

3. Within ten (10) days after appointment of the trustee, respondent shall execute a trust agreement that, subject to the prior approval of the Commission, and in the case of a court-appointed trustee, of the court, transfers to the trustee all rights and powers necessary to permit the trustee to effect each divestiture required by this order.

4. The trustee shall have twelve (12) months from the date the Commission approves the trust agreement described in paragraph III.D.3 to accomplish each divestiture, which shall be subject to the prior approval of the Commission. If, however, at the end of the twelve (12) month period, the trustee has submitted a plan for each divestiture required by this order or believes that each divestiture required by this order can be achieved within a reasonable time, then that divestiture period may be extended by the Commission, or, in the case of a court-appointed trustee, by the court; provided, however, the Commission may extend the period for each divestiture only two (2) times.

5. The trustee shall have full and complete access to the personnel, books, records and facilities related to the Revco Virginia Assets and the CVS Binghamton Assets or to any other relevant information, as the trustee may request. Respondents shall develop such financial or other information as such trustee may request and shall cooperate with the trustee. Respondents shall take no action to interfere with or impede the trustee's accomplishment of each divestiture. Any delays in any divestiture caused by respondents shall extend the time for that divestiture under this paragraph in an amount

equal to the delay, as determined by the Commission or, for a court-appointed trustee, by the court.

6. The trustee shall use his or her best efforts to negotiate the most favorable price and terms available in each contract that is submitted to the Commission, subject to respondents' absolute and unconditional obligation to make each divestiture required by this order at no minimum price. Each divestiture shall be made in the manner consistent with the terms of this order; provided, however, if the trustee receives *bona fide* offers from more than one acquiring entity, and if the Commission determines to approve more than one such acquiring entity, the trustee shall divest to the acquiring entity or entities selected by respondents from among those approved by the Commission.

7. The trustee shall serve, without bond or other security, at the cost and expense of respondents, on such reasonable and customary terms and conditions as the Commission or a court may set. The trustee shall have the authority to employ, at the cost and expense of respondents, and at reasonable fees, such consultants, accountants, attorneys, investment bankers, business brokers, appraisers, and other representatives and assistants as are necessary to carry out the trustee's duties and responsibilities. The trustee shall account for all monies derived from each divestiture and all expenses incurred. After approval by the Commission and, in the case of a court-appointed trustee, by the court, of the account of the trustee, including fees for his or her services, all remaining monies shall be paid at the direction of the respondents, and the trustee's power shall be terminated. The trustee's compensation shall be based at least in significant part on a commission arrangement contingent on the trustee's accomplishing each divestiture required by paragraphs III.A and III.B.

8. Respondents shall indemnify the trustee and hold the trustee harmless against any losses, claims, damages, liabilities, or expenses arising out of, or in connection with, the performance of the trustee's duties, including all reasonable fees of counsel and other expenses incurred in connection with the preparation for, or defense of any claim, whether or not resulting in any liability, except to the extent that such liabilities, losses, damages, claims, or expenses result from misfeasance, gross negligence, willful or wanton acts, or bad faith by the trustee.

9. If the trustee ceases to act or fails to act diligently, a substitute trustee shall be appointed in the same manner as provided in this paragraph.

10. The Commission or, in the case of a court-appointed trustee, the court, may on its own initiative or at the request of the trustee issue such additional orders or directions as may be reasonably necessary or appropriate to accomplish each divestiture required by this order.

11. The trustee shall also divest such additional ancillary assets and businesses and effect such arrangements as are necessary to assure the marketability and the viability and competitiveness of the Revco Virginia Assets and the CVS Binghamton Assets.

12. The trustee shall have no obligation or authority to operate or maintain the Revco Virginia Assets or the CVS Binghamton Assets.

13. The trustee shall report in writing to respondents and the Commission every sixty (60) days concerning the trustee's efforts to accomplish each divestiture required by this order.

IV.

It is further ordered, That:

A. Pending the divestiture of the Virginia Assets to be Divested pursuant to paragraph II.A and either the Revco Pharmacy Assets or the New York Assets to be Divested pursuant to paragraph II.B, the Revco Virginia Assets pursuant to paragraph III.A, or the CVS Binghamton Assets pursuant to paragraph III.B, respondents shall take such actions as are necessary to maintain the viability, marketability and competitiveness of all of these assets, and to prevent the destruction, removal, wasting, deterioration, or impairment of any of these assets except for ordinary wear and tear.

B. Respondents shall comply with all terms of the Asset Maintenance Agreement, attached to this order and made a part hereof as Appendix I. The Asset Maintenance Agreement shall continue in effect until such time as all the divestitures required by this order have been accomplished.

V.

It is further ordered, That within thirty (30) days after the date this order becomes final and every thirty (30) days thereafter until respondents have fully complied with the provisions of paragraphs II

and III of this order, respondents shall submit to the Commission verified written reports setting forth in detail the manner and form in which it intends to comply, is complying, and has complied with the requirements of this order. Respondents shall include in their compliance reports, among other things that are required from time to time, a full description of the efforts being made to comply with paragraphs II and III of the order, including a description of all substantive contacts or negotiations for each divestiture and the identity of all parties contacted. Respondents shall include in their compliance reports copies of all written communications to and from such parties, all internal memoranda, and all reports and recommendations concerning each divestiture.

VI.

It is further ordered, That respondents shall notify the Commission at least thirty (30) days prior to any proposed change in the corporate respondents such as dissolution, assignment, sale resulting in the emergence of a successor corporation, or the creation or dissolution of subsidiaries or any other change in the corporation that may affect compliance obligations arising out of the order.

VII.

It is further ordered, That, for the purpose of determining or securing compliance with this order, respondents shall permit any duly authorized representative of the Commission:

A. Access, during office hours and in the presence of counsel, to inspect and copy all books, ledgers, accounts, correspondence, memoranda and other records and documents in the possession or under the control of respondents relating to any matters contained in this order; and

B. Upon five days' notice to respondents and without restraint or interference from respondents, to interview officers, directors, or employees of respondents.

SCHEDULE A

REVCO NEW YORK STORE LISTING

Revco Store Number 2000
523 Hooper Road
Endwell, NY 13760

Revco Store Number 2002
133 Front Street
Vestal, NY 13850

Revco Store Number 2003
4700 Vestal Parkway East
Vestal, NY

Revco Store Number 2005
1318 Front Street
Binghamton, NY 13901

Revco Store Number 2007
1183-85 Vestal Avenue
Binghamton, NY 13903

Revco Store Number 2020
310 Exchange Street
Endicott, NY 13760

SCHEDULE B

REVCO VIRGINIA STORE LISTING

Revco Store Number 842
Interstate Rt 40 & 46
Blackstone, VA 23824

Revco Store Number 2380
4408 West Hundred Road
Chester, VA 23831

Revco Store Number 1160
Colonial Square Shopping Center
12 Colonial Square
Colonial Heights VA 23834

Revco Store Number 389
220 Market Drive
Emporia, VA 23847

Revco Store Number 972
University Square Shopping Center
20825 Woodpecker Road
Ettrick, VA 23803

Revco Store Number 4513
Patrick Henry Center
1506 S. Main Street
Farmville, VA 23901

Revco Store Number 998
5207 Plaza Drive
Hopewell, VA 23860

Revco Store Number 4001
115 Brunswick Square Ct.
Lawrenceville, VA 23868

Revco Store Number 1473
Tanbark Plaza Shopping Center
74 Tanbark Plaza
Lovingston, VA 22949

Revco Store Number 2519
7199 Stonewall Pkwy.
Mechanicsville, VA 23111

Revco Store Number 2522
Atlee Square Shopping Center
9159 Atlee Road
Mechanicsville, VA 23116

Revco Store Number 2517
Rockwood Square
10163 Hull Street Road
Midlothian, VA 23113

Revco Store Number 187
4310 Westgate Drive
Petersburg, VA 23803

Revco Store Number 4504
2733 S. Crater Road
Petersburg, VA 23805

Revco Store Number 2754
9100 Pocahontas Trail
Providence Forge, VA 23140

Revco Store Number 2755
New Kent Crossing Shopping Center
2587 New Kent Hwy.
Quinton, VA 23141

Revco Store Number 383
12000 Ridgfield Pkwy.
Richmond, VA 23233

Revco Store Number 390
6401 Jahnke Road
Richmond, VA 23225

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Revco Store Number 398
2805 West Broad Street
Richmond, VA 23230

Revco Store Number 538
Meadowwood Square
5116 Richmond Henrico Turnpike
Richmond, VA 23227

Revco Store Number 553
Cary Village Shopping Center
3142 West Cary Street
Richmond, VA 23221

Revco Store Number 1313
6011 Nine Mile
Richmond, VA 23223

Revco Store Number 1436
2917 North Avenue
Richmond, VA 23222

Revco Store Number 4019
Hungarybrook Shopping Center
1292 Concord Avenue
Richmond, VA 23228

Revco Store Number 4578
Quiocassin Station
8920 Quiocassin Road
Richmond, VA 22560

Revco Store Number 4562
While Oak Shopping Center
1840 Tappahannock Blvd.
Tappahannock, VA 22560

Revco Store Number 4387
Pantops Center
540 Pantops Center
Charlottesville, VA 22911

Revco Store Number 313
Liberty Plaza
1800 Liberty Street
Chesapeake, VA 23324

Revco Store Number 1140
Poplar Hill Plaza
3138 Western Branch Blvd.
Chesapeake, VA 23321

Revco Store Number 505
7127 Staples Mill Road
Richmond, VA 23228

Revco Store Number 551
326 East Broad Street
Richmond, VA 23219

Revco Store Number 1158
Glen Lea Shopping Center
3824 Mechanicsville Pike
Richmond, VA 23223

Revco Store Number 1319
Willow Place Shopping Center
5440 West Broad
Richmond, VA 23230

Revco Store Number 2551
Robious Hall Shopping Center
10030 Robious Road
Richmond, VA 23235

Revco Store Number 4391
Irongate Village Shopping Center
6423 Iron Bridge Road
Richmond, VA 23234

Revco Store Number 4585
1102 Courthouse Road
Richmond, VA 23236

Revco Store Number 4000
West Point Square
100 Winter Street Unit 105
West Point, VA 23181

Revco Store Number 194
1367 Kempsville Road
Chesapeake, VA 23320

Revco Store Number 350
4321 Indian River Road
Chesapeake, VA 23325

Revco Store Number 1186
Wilson Village Shopping Center
328 Battlefield Blvd. S.
Chesapeake, VA 23320

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Revco Store Number 4003
Las Gaviotas Shopping Center
1245 Cedar Road, Suite B
Chesapeake, VA 23320

Revco Store Number 4420
Centersville Crossing Shopping Center
413 Centerville Turnpike
Chesapeake, VA 23320

Revco Store Number 4552
2313 S. Military Hwy.
Chesapeake, VA 23320

Revco Store Number 4541
Southhampton Shopping Center
1332 Armory Drive
Franklin, VA 23851

Revco Store Number 426
Kecoughtan Shopping Center
3857 Kecoughtan Road
Hampton, VA 23669

Revco Store Number 1384
4111 West Mercury Blvd.
Hampton, VA 23666

Revco Store Number 4679
Big Bethel Road and Hampton Road
Parkway
Hampton, VA 23666

Revco Store Number 621
Newport Square Shopping Center
846 Newport Square Shop Center
Newport News, VA 23601

Revco Store Number 1143
14865 Warwick Blvd.
Newport News, VA 23608

Revco Store Number 2589
Southeast Shopping Center
2305 Jefferson Avenue
Newport News, VA 23607

Revco Store Number 4020
Taylor Road Plaza
3325 Taylor Road, Suite 118
Chesapeake, VA 23321

Revco Store Number 4530
Woodford Square Shopping Center
701-D North Battlefield
Chesapeake, VA 23320

Revco Store Number 4607
3005 Old Mill Road
Chesapeake, VA 23323

Revco Store Number 1268
Heritage Square Shopping Center
4324 Geo. Washington Memorial
Highway
Grafton, VA 23692

Revco Store Number 1073
1955 E. Pembroke Avenue
Hampton, VA 23663

Revco Store Number 4326
2305 Kecoughtan Road
Hampton, VA 23661

Revco Store Number 2741
York River Shopping Center
2318 York Crs. Drive Pob 1106
Hayes, VA 23072

Revco Store Number 1096
Newmarket Plaza Shopping Center
605 Newmarket Drive Newmarket
Plaza
Newport News, VA 23605

Revco Store Number 1613
13271 Warwick Blvd.
Newport News, VA 23602

Revco Store Number 4022
Richneck Center
12917 Jefferson Avenue
Newport News, VA 23602

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Revco Store Number 4501
10451 Jefferson Avenue
Newport News, VA 23605

Revco Store Number 117
Downtown Plaza Shopping Center
32 Downtown Plaza S/C
Norfolk, VA 23510

Revco Store Number 431
Southern Shopping Center
No. 2 Southern S/C
Norfolk, VA 23505

Revco Store Number 493
Midtown Shopping Center
7628 Granby Street
Norfolk, VA 23505

Revco Store Number 500
Colley Village Shopping Center
2301 Colley Avenue
Norfolk, VA 23517

Revco Store Number 550
6204-H N. Military Hwy.
Norfolk, VA 23518

Revco Store Number 595
742-A West 21st Street
Norfolk, VA 23517

Revco Store Number 703
Sewells Point Shopping Center
2330 Azalea Garden Road
Norfolk, VA 23513

Revco Store Number 715
1101 East Little Creek Road
Norfolk, VA 23518

Revco Store Number 882
Ocean View Shopping Center
163 West Ocean View Avenue
Norfolk, VA 23503

Revco Store Number 1029
The Monticello Building
258 Granby Street
Norfolk, VA 23510

Revco Store Number 1068
Suburban Park Shopping Center
7526 Granby Street
Norfolk, VA 23505

Revco Store Number 1097
1853 East Little Creek Road
Norfolk, VA 23518

Revco Store Number 2375
3212 Tidewater Road
Norfolk, VA 23509

Revco Store Number 2574
890 Kempsville Road
Norfolk, VA 23502

Revco Store Number 4009
475 Wythe Creek Road
Poquoson, VA 23662

Revco Store Number 750
5788 Churchland Blvd.
Portsmouth, VA 23703

Revco Store Number 871
3116 High Street
Portsmouth, VA 23707

Revco Store Number 1061
3531 Airline Blvd.
Portsmouth, VA 23701

Revco Store Number 1113
326 High Street
Portsmouth, VA 23704

Revco Store Number 2704
2004 Victory Blvd.
Portsmouth, VA 23702

Revco Store Number 4327
Manor Village Shopping Center
6219 Portsmouth Blvd.
Portsmouth, VA 23701

Revco Store Number 835
Smithfield Plaza Shopping Center
1280 Smithfield Plaza
Smithfield, VA 23430

Revco Store Number 1376
571 East Constance Road
Suffolk, VA 23434

Revco Store Number 100
1949 Lynnhaven Parkway
Virginia Beach, VA 23456

Revco Store Number 113
1577 General Booth Blvd.
Virginia Beach, VA 23454

Revco Store Number 341
6531 College Park Square
Virginia Beach, VA 23464

Revco Store Number 374
Fairfield Shopping Center
5232 Fairfield S/C
Virginia Beach, VA 23464

Revco Store Number 464
Kemps River Crossing
1309 Fordham Drive
Virginia Beach, VA 23464

Revco Store Number 787
1075 Independence Blvd.
Virginia Beach, VA 23455

Revco Store Number 883
880 S. Military Hwy.
Virginia Beach, VA 23464

Revco Store Number 1183
5610 Princess Anne Road
Virginia Beach, VA 23462

Revco Store Number 1200
3600 South Plaza Trail
Virginia Beach, VA 23452

Revco Store Number 1112
Holland Plaza Shopping Center
1240 Holland Road
Suffolk, Va 23434

Revco Store Number 4385
Suffolk Shopping Center
1405 North Main Street
Suffolk, VA 23434

Revco Store Number 109
4221 Pleasant Valley Road
Virginia Beach, VA 23464

Revco Store Number 116
Linkhorn Shopping Center
980 Laskin Road
Virginia Beach, VA 23451

Revco Store Number 344
3333 Virginia Beach Blvd.
Virginia Beach, VA 23452

Revco Store Number 440
Holland Shopping Center
4324 Holland Road
Virginia Beach, VA 23452

Revco Store Number 603
Hilltop North Shopping Center
750 Hilltop North S/C
Virginia Beach, VA 23451

Revco Store Number 881
Birchwood Mall
3756 Virginia Beach Blvd.
Virginia Beach, VA 23452

Revco Store Number 1188
Pembroke Meadows Shopping Center
748 Independence Blvd.
Virginia Beach, VA 23455

Revco Store Number 1110
2356-C Virginia Beach Blvd.
Virginia Beach, VA 23454

Revco Store Number 1396
Great Neck Shopping Center
1216 Great Neck Village S/C
Virginia Beach, VA 23454

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Decision and Order

Revco Store Number 1656 Virginia Beach Blvd. and Dorset Street Virginia Beach, VA 23462	Revco Store Number 2725 2005 Sandbridge Road #101 Virginia Beach, VA 23456
Revco Store Number 4406 1012 Fallbrook Bend Virginia Beach, VA 23455	Revco Store Number 45542 Shipp's Corner Shopping Center 3208 Holland Road, Suite 11 Virginia Beach, VA 23456
Revco Store Number 4555 Birdneck Shopping Center 1077 Virginia Beach Blvd. Virginia Beach, VA 23451	Revco Store Number 4599 Lake Shores Plaza Shopping Center 5193 Shore Drive #109 Virginia Beach, VA 23455
Revco Store Number 382 Governor's Green Shopping Center 4511-K John Tyler Hwy. Williamsburg, VA 23185	Revco Store Number 1147 James-York Shopping Center 701 Merrimac Trail Williamsburg, VA 23185
Revco Store Number 2573 124 Waller Mill Road Williamsburg, VA 23185	Revco Store Number 1625 Shoppes at Yorktown US 17 & Goodwin Neck Road York, VA 23692

APPENDIX I

ASSET MAINTENANCE AGREEMENT

This Asset Maintenance Agreement ("Agreement") is by and between CVS Corporation ("CVS"), a corporation organized, existing, and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business located at One CVS Drive, Woonsocket, Rhode Island; Revco D.S., Inc. ("Revco"), a corporation organized, existing, and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business located at 1925 Enterprise Parkway, Twinsburg, Ohio (collectively "proposed respondents"); and the Federal Trade Commission ("Commission"), an independent agency of the United States Government, established under the Federal Trade Commission Act of 1914, 15 U.S.C. 41, *et seq.* (collectively "the Parties").

PREMISES

Whereas, CVS has proposed to acquire all of the outstanding voting securities of and to merge (through a wholly-owned

subsidiary) with Revco D.S., Inc., pursuant to an agreement and plan of merger dated February 6, 1997 ("the proposed Acquisition"); and

Whereas, the Commission is now investigating the proposed Acquisition to determine if it would violate any of the statutes the Commission enforces; and

Whereas, if the Commission accepts the attached Agreement Containing Consent Order ("consent order"), the Commission is required to place it on the public record for a period of sixty (60) days for public comment and may subsequently either withdraw such acceptance or issue and serve its complaint and its decision and final order in disposition of the proceeding pursuant to the provisions of Section 2.34 of the Commission's Rules; and

Whereas, the Commission is concerned that if an agreement is not reached preserving the *status quo ante* of the Revco Virginia Assets, the Virginia Assets to be Divested, the Revco Pharmacy Assets, the New York Assets to be Divested, and the CVS Binghamton Assets as described in the attached consent order (hereinafter sometimes referred to as "Assets") during the period prior to their divestiture, any divestiture resulting from any administrative proceeding challenging the legality of the Acquisition might not be possible, or might produce a less than effective remedy; and

Whereas, the Commission is concerned that prior to any divestitures to the Acquirer(s) approved by the Commission, it may be necessary to preserve the continued viability and competitiveness of the Assets; and

Whereas, the purpose of this Agreement and of the consent order is to preserve the Assets pending the divestitures to the Acquirer(s) approved by the Commission under the terms of the order, in order to remedy any anticompetitive effects of the proposed Acquisition; and

Whereas, proposed respondents entering into this Agreement shall in no way be construed as an admission by proposed respondents that the proposed Acquisition is illegal; and

Whereas, proposed respondents understand that no act or transaction contemplated by this Agreement shall be deemed immune or exempt from the provisions of the antitrust laws or the Federal Trade Commission Act by reason of anything contained in this Agreement.

Now, therefore, in consideration of the Commission's agreement that at the time it accepts the consent order for public comment it will grant early termination of the Hart-Scott-Rodino waiting period, the Parties agree as follows:

TERMS OF AGREEMENT

1. Proposed respondents agree to execute, and upon its issuance to be bound by, the attached consent order. The Parties further agree that each term defined in the attached consent order shall have the same meaning in this Agreement.

2. Proposed respondents agree that from the date proposed respondents sign this Agreement until the earlier of the dates listed in subparagraphs 2.a and 2.b, proposed respondents will comply with the provisions of this Agreement:

a. Three (3) business days after the Commission withdraws its acceptance of the consent order pursuant to the provisions of Section 2.34 of the Commission's Rules; or

b. The date the divestitures as set out in the consent order have been completed.

3. Proposed respondents shall maintain the viability and marketability of the Assets, and shall not cause the wasting or deterioration of the Assets, nor shall they sell, transfer, encumber or otherwise impair their marketability or viability.

4. Proposed respondents shall maintain the competitiveness of the Assets. This includes, but is not limited to, maintaining promotions and discount policies, and continuing specific store services (such as, for example, hours of operation and operation of specific departments). In particular, proposed respondents shall continue to offer to customers who obtain pharmacy services at the Assets the same type and quality of pharmacy services that are offered at the proposed respondents' retail drug stores that are not subject to the consent order's divestiture provisions.

5. Should the Commission seek in any proceeding to compel proposed respondents to divest themselves of the Assets or to seek any other injunctive or equitable relief, proposed respondents shall not raise any objection based upon the expiration of the applicable Hart-Scott-Rodino Antitrust Improvements Act waiting period or the fact that the Commission has not sought to enjoin the proposed Acquisition. Proposed respondents also waive all rights to contest the validity of this Agreement.

6. For the purpose of determining or securing compliance with this Agreement, subject to any legally recognized privilege, and upon written request with five (5) days' notice to proposed respondents and

to their principal office(s), proposed respondents shall permit any duly authorized representative or representatives of the Commission:

a. Access during the office hours of proposed respondents, in the presence of counsel, to inspect and copy all books, ledgers, accounts, correspondence, memoranda and other records and documents in the possession or under the control of proposed respondents relating to compliance with this Agreement; and

b. To interview officers or employees of proposed respondents, who may have counsel present, regarding any such matters.

7. This Agreement shall not be binding until approved by the Commission.

IN THE MATTER OF

SULZER LIMITED

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

Docket C-3559. Consent Order, Feb. 23, 1995--Modifying Order, Aug. 15, 1997

This order reopens and modifies a 1995 consent order so that the language in paragraph IV.A of the final consent order conforms with the language of the proposed consent agreement that was signed by the respondent and accepted by the Commission for public comment.

ORDER AMENDING CONSENT ORDER

The order in this matter was issued on February 23, 1995. The language in paragraph IV.A of the order does not conform to that contained in paragraph IV.A of the agreement containing consent order ("consent agreement") signed by Sulzer and accepted by the Commission on September 12, 1994, for public comment.

The public interest would be served by conforming the language of the order with that contained in the consent agreement. Sulzer has waived any rights it may have under Section 3.72(b) of the Commission's Rules of Practice and consents to the changes contemplated by this order. Accordingly,

It is ordered, That this matter be, and it hereby is, reopened; and

It is further ordered, That paragraph IV.A of the consent order in Docket No. C-3559, issued on February 23, 1995, be, and it hereby is, amended to read as follows:

A. For a ten (10) year period commencing on the date this order becomes final, Sulzer shall not enter into, obtain, make, carry out or enforce any exclusive agreements with Sumitomo Chemical Company Limited or otherwise take any action whatsoever, directly or indirectly, that would prevent Sumitomo Chemical Company Limited from selling Sumitomo Polyester to any Commission-approved acquirer of the Amdry 2010 Information. Within thirty days after the order becomes final, respondent shall provide a copy of the order to each person at Sumitomo Chemical Company Limited with whom respondent has contact in connection with the purchase of Sumitomo Polyester.