

UNITED STATES OF AMERICA
BEFORE THE FEDERAL TRADE COMMISSION



In the Matter of)
)
Revco D.S., Inc.) Docket No. C-³⁵⁴⁰~~3450~~
a corporation.)
)

Application for Approval, Expedited Review, and Waiver

CVS Corporation ("CVS"), by its attorneys, and pursuant to section 2.41 of the Commission's rules, 16 C.F.R. § 2.41, hereby files this application for approval of a proposed acquisition subject to review under the above-captioned order. CVS also requests expedited review of its application and waiver of the 30-day public notice provisions in the rules so as to complete the purchase by December 27, 2001.

I. Background and Statement of Facts

On March 31, 1994, Revco D.S., Inc. ("Revco") and Hook-SuperRx, Inc. ("HST")

At the time the Consent Agreement was entered, there were four pharmacies in

Pursuant to the Consent Agreement, Revco and its successors and assigns were prohibited for a period of ten (10) years from the date the Order became final from acquiring any "stock, share capital, equity, leasehold, or other interest in any concern

presently engaged in . . . the business of selling prescription drugs at retail stores located in [Covington, LA]. Consent Agreement at Section IV. USPA Covington stores were sold to

On July 23, 2001, Horizon filed for bankruptcy under Chapter 11, Title 11 of the United States Code. A plan of reorganization has been approved by the Court and is scheduled to be completed on December 27, 2001. See Affidavit of Jeffrey A. Brimer, attached hereto as Exhibit 2. Pharmacy Operations, Inc. ("POI"), which purchased the

assets of the Covington store, including its prescription files, and extend the benefits of its prescription benefit plans to Horizon's customers. A purchase agreement is being negotiated to this end between CVS and POI. See id.

managers ("PBMs") and other managed care providers. PBMs rely on networks of

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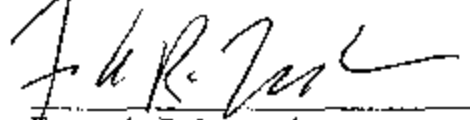
store assets than if these assets were to “disappear[] entirely from the market.” United States v. General Dynamics Corp., 415 U.S. 486, 507 (1974).

[REDACTED]

Timely approval of the sale by December 27, 2001 will allow the transfer of assets in bankruptcy to proceed without undue disruption. The Commission understands the importance of allowing such a sale to proceed.

[REDACTED]

Respectfully submitted,



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Dated: December 7, 2001

WDC 252404v1

CVS/pharmacy[®]

THOMAS S. MOFFATT
Senior Legal Counsel - Corporate

December 5, 2001

Bureau of Competition
U.S. Federal Trade Commission
600 Pennsylvania Ave. NW

negotiation. POI bid on twenty-one stores, and it was determined to have the highest and best offer for at least ten stores, including Store #11.

4. It is my good faith belief that there were in fact no other qualified bidders for Store #11.

5. On November 14, 2001 and November 16, 2001, respectively, Orders were issued by the United States Bankruptcy Court for the Northern District of Texas, Dallas Division pursuant to which POT's proposed purchase of seven of the ten stores, including Store #11, was approved. A copy of the Order is attached hereto at Exhibit A.

6. Due to a variety of business-related issues, POI intends to close Store #11.

7. It is my understanding that CVS is interested in purchasing certain assets of Store #11, including its prescription files. The parties have therefore begun negotiating a Purchase Agreement pursuant to which CVS will purchase the Store #11 assets, subject to Commission approval.

8. POT's purchase of the Store #11 assets is scheduled to close on December

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FR: LINDA LIPSON

NO. 123

U.S. BANKRUPTCY COURT
NORTHERN DISTRICT OF TEXAS
ENTERED

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assets located at Debtors' Covington, VA location (the "Assets") free and clear of all liens, claims, and encumbrances and pursuant to the terms and conditions set forth in the Motions. After due

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consented to the sale. The Debtors are unaware of any other holders of validly perfected liens or claims against the Assets.

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notwithstanding the commingling, any such funds shall remain the property of the respective selling Debtor.

ORDERED that the proceeds of the sale of the Assets shall be deposited in a separate

be deposited, and that the proceeds of the sale of the Assets shall not be distributed from the account