ANALYSIS OF PROPOSED AGREEMENT CONTAINING CONSENT ORDERS TO AID PUBLIC COMMENT
In the Matter of Novartis AG, File No. 101-0068, Docket No. C-4296

I. INTRODUCTION

The Federal Trade Commission ("Commission") has accepted, subject to final approval, an Agreement Containing Consent Orders ("Consent Agreement") from Novartis AG ("Novartis") that is designed to remedy the anticompetitive effects of Novartis' acquisition of a controlling interest in Alcon, Inc. ("Alcon") from Nestle, S.A. The proposed Consent Agreement requires Novartis to divest its rights and assets in its injectable miotics product, Miochol-E, to Bausch & Lomb, Inc. ("B&L").

The proposed Consent Agreement has been placed on the public record for thirty days for receipt of comments by interested persons. Comments received during this period will become part of the public record. After thirty days, the Commission will again review the proposed Consent Agreement and the comments received, and will decide whether it should withdraw from the proposed Consent Agreement, modify it, or make final the Decision and Order ("Order").

Pursuant to a Purchase and Option Agreement dated April 6, 2008, and the execution of the call option on January 4, 2010, Novartis proposes to acquire all of the outstanding shares of Alcon held by Nestle in a transaction valued at approximately $28.1 billion. After consummating the transaction, Novartis will hold 77 percent of Alcon. Novartis also proposes to acquire the remaining 23 percent of Alcon held by public shareholders. The Commission's Complaint alleges that the proposed acquisition, if consummated, would violate Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 45, by lessening competition in the U.S. market for the research, development, marketing, manufacture and sale of injectable miotics. The proposed Consent Agreement will remedy the alleged violations by replacing the lost competition that would result from the acquisition in this market.

Novartis is a global manufacturer and supplier of numerous branded and generic pharmaceuticals headquartered in Basel, Switzerland. Nestle is the world's largest food company, and is headquartered in Vevey, Switzerland. Among Nestle's holdings is a 52 percent stake in Alcon, which provides Nestle with a controlling interest in the company. Alcon, a global medical specialty company focused on eye care, is also a Swiss corporation, based in Hünenberg. Alcon develops, manufactures, and sells surgical devices used in surgical eye procedures, branded and generic pharmaceuticals, and over-the-counter consumer eye care products.

competitive problem in the injectable miotics market because B&L does not participate in the market. With its resources, capabilities, strong reputation, and experience marketing eye care products, specifically other cataract surgery products, B&L is expected to replicate the competition that would be lost if the proposed transaction were to proceed unremedied.

If the Commis