

**ANALYSIS OF AGREEMENT CONTAINING CONSENT ORDER  
TO AID PUBLIC COMMENT**

In the Matter of Cardinal Health, Inc., File No. 0910136

**I. Introduction**

The Federal Trade Commission (Commission) has accepted, subject to final approval, an Agreement Containing Consent Order (Consent Agreement) from Cardinal Health, Inc. (Cardinal) to remedy the anticompetitive effects stemming from Cardinal's acquisition of Biotech's nuclear pharmacies in the Southwest United States. Under the terms of the Consent Agreement, Cardinal is required to constitute and divest to one Commission-approved acquirer, Cardinal's former nuclear pharmacies in Las Vegas, Nevada, Albuquerque, New Mexico, and El Paso, Texas, and to take certain additional measures to restore competition in nuclear pharmacy markets in Las Vegas, Albuquerque, and El Paso.

On July 31, 2009, Cardinal acquired Biotech's nuclear pharmacies in Las Vegas, Albuquerque, and El Paso (the Acquisition) pursuant to an Asset Purchase Agreement (Agreement). Prior to the Acquisition, both Cardinal and Biotech operated nuclear pharmacies in these cities. The nuclear pharmacies produced, distributed, and sold single-photon emission computed tomography (SPECT) radiopharmaceuticals (also referred to as low energy radiopharmaceuticals) to hospitals and medical clinics. The Commission's complaint alleges that the Acquisition and the Agreement violated 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, because the Acquisition and Agreement may substantially lessen competition or tend to create a monopoly in the production, sale, and distribution of low energy radiopharmaceuticals in Las Vegas, Albuquerque, and El Paso and surrounding local areas.

The Consent Agreement has been placed on the public record for 30 days for receipt of comments by interested persons. Comments received during this period will become part of the public record. After 30 days, the Commission will review the Consent Agreement and comments received and decide whether to withdraw the public

### III. The Products and Structure of the Markets

Nuclear pharmacies provide radiopharmaceuticals to local hospitals and cardiology clinics, which use the products to diagnose and treat various diseases. Radiopharmaceuticals are drugs containing radioactive isotopes combined with a chemical compound. Due to the fact that radioactive isotopes have short half-lives and decay rapidly, a nuclear pharmacy can only serve its local area. Accordingly, competition between nuclear pharmacies occurs at the local level.

The Commission's complaint alleges that the relevant product market in which to assess the effects of the Acquisition is the production, sale, and distribution of SPECT radiopharmaceuticals or low energy radiopharmaceuticals. The Commission's complaint further alleges that the relevant geographic markets in which to analyze the effects of the Acquisition are (i) Albuquerque, New Mexico and surrounding areas (the Albuquerque market); (ii) El Paso, Texas and surrounding areas (the El Paso market); and (iii) Las Vegas, Nevada and surrounding areas (the Las Vegas market).

The Commission's complaint alleges that Cardinal and Bch were the only two providers of low energy radiopharmaceuticals prior to the Acquisition in the Albuquerque market. As a result of the Acquisition, Cardinal holds a monopoly in the Albuquerque market. With respect to the El Paso market the Commission's complaint alleges that Cardinal and Biotec were the only two providers of low energy pharmaceuticals prior to the Acquisition. As a result of the Acquisition, Cardinal had a monopoly in the El Paso market. (he)Tj 11.2800 0.0000 TD (Ac

## V. Entry

The Commission's complaint is that entry into the relevant markets would not be timely, likely, or sufficient to prevent or deter the likely anticompetitive effects of the Acquisition. The Commission's complaint further alleges that entry into a significant barrier in capturing sufficient business to replicate the brand strength of either Cardinal or Biotec prior to the Acquisition.

## VI. Terms of the Order

The Consent Agreement is designed to remedy the likely anticompetitive effects of the Acquisition by restoring to the extent possible the lost competition between Cardinal and Biotec in Las Vegas, Albuquerque, and El Paso. Specific terms of the Order are discussed further below.

### A. Reconstitution and Divestiture of the Former Cardinal Nuclear Pharmacies to One or More Commission-Approved Acquirers

Prior to the Acquisition, both Cardinal and Biotec operated nuclear pharmacies in Las Vegas, El Paso, and Albuquerque. After the Acquisition, Cardinal retained its nuclear pharmacy business in these cities to the Biotec nuclear pharmacy locations and closed its Cardinal facilities. The Order requires that within six months of the date on which the Order is accepted for public comment, Cardinal must reconstitute one of the former Cardinal nuclear pharmacies and divest each of the pharmacies to a Commission-approved acquirer.

In connection with the divestiture of

customers the right to terminate radiopharmaceutical contracts with Cardinal that relate solely to the purchase of Positron Emission Tomography radiopharmaceuticals (also referred to as high energy radiopharmaceuticals).

Pursuant to the Order, Cardinal is required to notify relevant customers within five days after the relevant closing date of the customer's right to terminate its relationship. The Order further re