

- (c) "This result is not typical. You may be less successful."
 (d) "_____'s success is not typical. You may not do as well."
 (e) "_____'s experience is not typical. You may achieve less."
 (f) "Results not typical."

The proposed order also contains standard provisions regarding record-keeping, notification of changes in the respondents' status, the filing of a compliance report, and termination of the order. In addition, the proposed order contains a provision requiring distribution of the order that sunsets after three years.

The purpose of this analysis is to facilitate public comment on the proposed order, and it is not intended to constitute an official interpretation of the agreement and the proposed order or to modify their terms in any way.

By direction of the Commission.

Donald S. Clark,
Secretary.

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FEDERAL TRADE COMMISSION

[File No. 9810327]

Quexco Incorporated; Analysis To Aid Public Comment

AGENCY: Federal Trade Commission.

ACTION: Proposed consent agreement.

SUMMARY: The consent agreement in this matter settles alleged violations of federal law prohibiting unfair or deceptive acts or practices or unfair methods of competition. The attached Analysis to Aid Public Comment describes both the allegations in the draft complaint that accompanies the consent agreement and the terms of the consent order—embodied in the consent agreement—that would settle these allegations.

DATES: Comments must be received on or before July 19, 1999.

ADDRESSES: Comments should be directed to: FTC/Office of the Secretary, Room 159, 600 Pennsylvania Avenue, N.W., Washington, D.C. 20580.

FOR FURTHER INFORMATION CONTACT: Philip Eisenstat, FTC/S-3627, 601 Pennsylvania Avenue, N.W., Washington, D.C. 20580, (202) 326-2769.

SUPPLEMENTARY INFORMATION: Pursuant to Section 6(f) of the Federal Trade Commission Act, 38 Stat. 721, 15 U.S.C. 46, and Section 2.34 of the Commission's Rules of Practice, 16 CFR 2.34, notice is hereby given that the

above-captioned consent agreement containing a consent order to cease and desist, having been filed with and accepted, subject to final approval, by the Commission, has been placed on the public record for a period of sixty (60) days. The following Analysis to Aid Public Comment describes the terms of the consent agreement, and the allegations in the complaint. An electronic copy of the full text of the consent agreement package can be obtained from the FTC Home Page (for May 14th, 1999), on the World Wide Web, at "http://www.ftc.gov/os/actions97.htm." A paper copy can be obtained from the FTC Public Reference Room, Room H-130, 600 Pennsylvania Avenue, N.W., Washington, D.C. 20580, either in person or by calling (202) 326-3627.

Public comment is invited. Comments should be directed to: FTC/Office of the Secretary, Room 159, 600 Pennsylvania Avenue, N.W., Washington, D.C. 20580. Two paper copies of each comment should be filed, and should be accompanied, if possible, by a 3½ inch diskette containing an electronic copy of the comment. Such comments or views will be considered by the Commission and will be available for inspection and copying at its principal office in accordance with Section 4.9(b)(6)(ii) of the Commission's Rules of Practice (16 CFR 4.9(b)(6)(ii)).

Analysis of Proposed Consent Order To Aid Public Comment

The Federal Trade Commission ("Commission") has accepted, subject to final approval, an Agreement Containing Consent Order ("Agreement") from Quexco Incorporated ("Quexco") relating to a proposed acquisition by Quexco of Pacific Dunlop GNB Corporation ("GNB").

The proposed Consent Order has been placed on the public record for sixty (60) days for reception of comments by interested persons. Comments received during this period will become part of the public record. After sixty (60) days, the Commission will again review the Agreement and the comments received and will decide whether it should withdraw from the Agreement or make final the Agreement's proposed Order.

Both Quexco, a Delaware corporation, and GNB, also a Delaware corporation, operate secondary lead smelters. Secondary lead smelters are facilities that recycle products containing lead, such as old lead-acid batteries and other lead bearing products, into pure lead or lead alloys that can be used again by batter manufacturers and other industries. The output of secondary

smelters is called secondary lead. Primary lead smelters use lead bearing ore to produce pure lead or lead alloys. The output of primary smelters is called primary lead. For most uses for lead, either primary or secondary lead can be used.

The Proposed Complaint

The proposed complaint alleges that the relevant geographic market for evaluating the acquisition's effect in the relevant product markets is California, and that the proposed acquisition may substantially lessen competition in the smelting and refining of lead in California and in providing lead recycling services in California.

The proposed complaint alleges that Quexco and GNB are the only two operators of lead smelters in California and the only two firms that perform lead recycling in California. The complaint further alleges that the proposed transaction would create a monopoly and give Quexco the ability to unilaterally exercise market power.

The proposed complaint alleges that entry into the alleged markets would not be timely, likely, or sufficient to deter or offset the adverse effects of the acquisition on competition in these markets. Lead is a toxic substance. Construction of a new secondary lead smelter requires extensive permits before construction on a smelter could begin. Obtaining permits for a new smelter in California would take more than two years. Because lead is a toxic substance, community opposition is likely to any new smelters in California, and such community opposition may prevent the opening of any new smelters in California.

The proposed Order would remedy the alleged violation by preserving the competition that would otherwise be lost as a result of Quexco's acquisition of GNB. The proposed Order requires Quexco to divest the GNB secondary smelter in California to Gopher Resources, Inc. ("Gopher"), under the terms of a contract for the sale of that plant between Quexco and Gopher. The proposed Order allows Quexco to complete its acquisition of GNB during the sixty (60) day comment period, but requires that the GNB California smelter be held separate until the Order becomes final and then requires the sale of the smelter to Gopher within 10 days of the Order being made final by the Commission.

The sale of the GNB smelter to Gopher is subject to the approval by the Commission. If the sale to Gopher is not approved by the Commission, then Quexco must rescind the transaction with Gopher and divest the GNB

smelter, within six (6) months after the date on which the Order becomes final, to an acquirer and in a manner that receives the prior approval of the Commission.

The purpose of this analysis is to facilitate public comment on the proposed Order. This analysis is not intended to constitute an official interpretation of the Agreement or the proposed Order or in any way to modify the terms of the Agreement or the proposed Order.

By direction of the Commission.

Donald S. Clark,
Secretary.

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FEDERAL TRADE COMMISSION

[File No. 9910095]

SNIA S.p.A; Analysis To Aid Public Comment

AGENCY: Federal Trade Commission.
ACTION: Proposed consent agreement.

SUMMARY: The consent agreement in this matter settles alleged violations of federal law prohibiting unfair or deceptive acts or practices or unfair methods of competition. The attached Analysis to Aid Public Comment describes both the allegations in the draft complaint that accompanies the consent agreement and the terms of the consent order—embodied in the consent agreement—that would settle these allegations.

DATES: Comments must be received on or before July 19, 1999.

ADDRESSES: Comments should be directed to: FTC/Office of the Secretary, Room 159, 600 Pennsylvania Avenue, N.W., Washington, D.C. 20580.

FOR FURTHER INFORMATION CONTACT: Christina Perez or Michael Barnett, FTC/S-2308, 601 Pennsylvania Avenue, N.W., Washington, D.C. 20580, (202) 326-2048 or (202) 326-2541.

SUPPLEMENTARY INFORMATION: Pursuant to Section 6(f) of the Federal Trade Commission Act, 38 Stat. 721, 15 U.S.C. 46, and Section 2.34 of the Commission's Rules of Practice, 16 CFR 2.34, notice is hereby given that the above-captioned consent agreement containing a consent order to cease and desist, having been filed with and accepted, subject to final approval, by the Commission, has been placed on the public record for a period of sixty (60) days. The following Analysis to Aid Public Comment describes the terms of the consent agreement, and the

allegations in the complaint. An electronic copy of the full text of the consent agreement package can be obtained from the FTC Home Page (for May 14th, 1999), on the World Wide Web, at "http://www.ftc.gov/os/actions97.htm." A paper copy can be obtained from the FTC Public Reference Room, Room H-130, 600 Pennsylvania Avenue, N.W., Washington, D.C. 20580, either in person or by calling (202) 326-3627.

Public comment is invited. Comments should be directed to: FTC/Office of the Secretary, Room 159, 600 Pennsylvania Avenue, N.W., Washington, D.C. 20580. Two paper copies of each comment should be filed, and should be accompanied, if possible, by a 3½ inch diskette containing an electronic copy of the comment. Such comments or views will be considered by the Commission and will be available for inspection and copying at its principal office in accordance with Section 4.9(b)(6)(ii) of the Commission's Rules of Practice (16 CFR 4.9(b)(6)(ii)).

Analysis of Proposed Consent Order To Aid Public Comment

The Federal Trade Commission ("Commission") has accepted, subject to final approval, an agreement containing a proposed Consent Order ("Order") from SNIA S.p.A. ("SNIA"), which is designed to remedy the anticompetitive effects of SNIA's acquisition of all of the outstanding voting securities of COBE Cardiovascular, Inc. ("COBE"), as well as certain cardiopulmonary and other cardiovascular assets and liabilities from other subsidiaries of Gambro AB ("Gambro"). Both SNIA and Gambro manufacture and sell a wide variety of cardiovascular products, including heart-lung machines. The proposed Order remedies the acquisition's anticompetitive effects by requiring SNIA to divest COBE's heart-lung machine business.

The proposed Order has been placed on the public record for sixty (60) days for reception of comments by interested persons. Comments received during this period will become part of the public record. After sixty (60) days, the Commission will review the proposed Order and the comments received and will decide whether it should withdraw from the proposed Order or make final the proposed Order.

Pursuant to an Asset and Stock Purchase Agreement signed on November 23, 1998, SNIA, through its Sorin Biomedica, Inc. subsidiary ("Sorin"), has agreed to purchase 100% of the outstanding voting securities of COBE, as well as certain other assets and liabilities from other subsidiaries of

Gambro, for approximately \$260 million. The proposed Complaint alleges that the 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, in the U.S. market for heart-lung machines.

Heart-lung machines are life-sustaining medical devices that are essential for any surgery that requires the heart to be stopped, such as surgeries to implant coronary artery bypass grafts, repair or replace heart valves, repair cerebral aneurysms, or transplant livers and hearts. A heart-lung machine is the equipment portion of an extracorporeal bypass system, which replaces the function of the heart and lungs during surgery by circulating and providing oxygen to the patient's blood throughout the procedure. In addition to a heart-lung machine, a complete extracorporeal bypass system is comprised of various single-use products, called disposables, that come into direct contact with the patient's blood, and therefore cannot be reused for safety reasons. Approximately 450-550 new units are sold worldwide each year, amounting to \$50 million in sales.

The U.S. market for heart-lung machines is highly concentrated and the proposed acquisition would substantially increase concentration in this market. The acquisition would result in a Herfindahl-Hirschman Index ("HHI") of 4,638 points, which is an increase of 1,554 points over the preacquisition level. SNIA and COBE are two of only four suppliers of heart-lung machines in the United States, with the fourth competitor being significantly smaller than the other three. By eliminating the competition between SNIA and COBE in this highly concentrated market, the proposed acquisition would enhance the likelihood of coordinated interaction between or among the remaining firms in the market, thus increasing the likelihood that consumers in the United States would be forced to pay higher prices for heart-lung machines.

It is unlikely that this lost competition would have been replaced by new entrants into the relevant market due to the substantial barriers to entry into the U.S. market for heart-lung machines. A new entrant into this market would need to undertake the difficult, expensive and time-consuming process of researching and developing a new product, obtaining approval from the U.S. Food and Drug Administration, establishing a nationwide service and sales network and gaining customer acceptance. This is a very difficult