
To: R Epstein
Subject: RE: Judge blocks Mullany from leading CVS pharmacies

Judge blocks Mullany from leading CVS pharmacies

Judge bars CVS from hiring Hank Mullany as pharmacy president until Wal-Mart suit is resolved

NEW YORK (AP) -- A judge is temporarily barring CVS Caremark Corp.'s new pharmacy president from joining the company in the midst of a dispute with Wal-Mart Stores Inc., his former employer.

CVS said Friday it hired Hank Mullany, 52, as the new president of its pharmacy business. Mullany had worked at Wal-Mart for more than four years, and from January until November of this year, he was president of Wal-Mart's Northern U.S. business. Wal-Mart filed a lawsuit against CVS and Mullany, alleging Mullany's contract forbids him from working for a company that competes with Wal-Mart.

CVS, of Woonsocket, R.I., runs about 7,150 pharmacy stores. Wal-Mart, which is based in Bentonville, Ark., says most of its 8,500 U.S. stores have pharmacies in them.

Vice Chancellor J. Travis Laster of the Delaware Court of Chancery issued a temporary restraining order that blocks Mullany from joining CVS until a preliminary injunction hearing is completed. That hearing is scheduled for the morning of Dec. 15.

CVS, which has announced Mullany would join the company Monday, said it was disappointed with the decision. The company said it believes the allegations are without merit, and added that it tried to resolve the situation with Wal-Mart before it announced Mullany's hiring.

As president of Wal-Mart North, Mullany oversaw 1,312 stores in 19 states. He took that job in January after the company reorganized its operations. In its lawsuit, Wal-Mart says that before Mullany accepted that position, he signed a contract in which he agreed that if he left Wal-Mart, he would not join or be involved with a company that competes with Wal-Mart for at least two years. Wal-Mart said Mullany has detailed knowledge about Wal-Mart and its strategies, and it would be harmful to the company if he shares that information with CVS.

Before he became president of Wal-Mart North, Mullany was in charge of the company's Northeast business from January 2006 to January 2010. Michael Moore is now president Wal-Mart's North business.

If Mullany is allowed to join CVS, he will replace Larry Merlo. Merlo has been in charge of CVS's retail operations since March 1998, and he is also the president and chief operating officer of CVS Caremark. Merlo will become CEO of CVS Caremark in May 2011, when current CEO Thomas Ryan will retire. The company announced in May that Ryan would retire as CEO and be replaced by Merlo.

CVS Caremark shares rose 44 cents to \$32.42 Friday. Wal-Mart shares lost 13 cents to \$54.62.