

VIA FAX 202/326-2050

Federal Trade Commission Bureau of Competition Premerger Office MAY 3 3 42

Dear Mr. Dahnke:

The purpose of this letter is to confirm our telephone conversation regarding the application of Section 7A of the Clayton Act and the Premerger Notification Rules to the following facts:



Company A is a U. S. corporation and an ultimate parent entity. Company B is a U. S. corporation, whose ultimate parent entity is a foreign person. Company C is a foreign corporation, the securities of which are wholly owned by Company B. Company C does not control any other entity.

Company A proposes to acquire greater than 15% of the assets of Company B and 15% or greater of either the assets or securities of Company C. Companies A, B and C are all engaged in manufacturing. Company A has annual net sales or total assets of \$100,000,000 or more. Companies B and C have annual net sales or

The acquisition price would be approximately \$20,000,000.

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the assets or securities of Company C are to be deemed held as a result of the acquisition for purposes of Section 7A(a)3 of the Act and Premerger Notification Rule 802.20.

If Company A acquires the assets of Company C, Rule 801.15(b) provides that the assets of Company C located outside ef the U.S. will not be deemed held as a result of the acquisition if the requirements of Rule 802.50(a)(2) are met with respect to those assets. Rule 802.50(a)2 provides that the

as a result of the acquisition, the acquiring person would hold assets to which sales in or into the U. S. aggregating \$25,000,000 or more during the acquired person's most recent pretation of this rule with respect to the above facts is that sales attributable to assets of Company B must be included with sales attributable to assets of Company C in determining whether there are sales of \$25,000,000 in or into the U. S. Accordingly,

held as a result of their acquisition in connection with the acquisition of assets of Company B.

If Company A acquires the securities of Company C, Rule 801.15(b) would apply if the requirements of Rule 802.50(b) are met. Rule 802.50(b) provides that the acquisition of voting securities of a foreign issuer is exempt unless the issuer (including all entities it controls) either holds assets in the

sales of Company C with those of Company B in determining whether Company C holds assets of \$15,000,000 or more in the U. S. or made sales of \$25,000,000 or more in or into the U. S. in its most recent fiscal year. Accordingly, if Company B and Company C together do not hold assets in the U. S. of \$15,000,000 or more and have not made sales in or into the U. S. in their most recent fiscal years of \$25,000,000 or more, Rule 801.15(b) would provide, through Rule 802.50(b), that the voting securities of Company C would not be deemed held as a result of the acquistion of assets of Company B.

Assuming, based on the interpretations above, that the assets or securities of Company C are not deemed held as a result

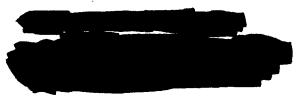
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of the acquisition, Section 7A(a)3 of the Act and Rule 802.20 would provide that Company A's acquisition of assets of Company B would not require the filing of a premerger notification form unless the value of the acquired assets of Company B and any acquired assets of Company C held in the U. S. exceeds

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Sincerely,



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