802.51

April 28 1994

VIA FACSIMILE AND FEDERAL EXPRESS

Premerger Notification Office
Bureau Competition

release under the

Act.

Attention: Patrick Sharpe
        Compliance Specialist

Re: Request for informal interpretation relating to the
        joint venture proposed by ▇▇▇▇▇▇ and
        ▇▇▇▇▇▇▇▇▇

Gentlemen:

        Pursuant to 16 C.F.R. §803.30, we are requesting on behalf of ▇▇▇▇▇

the ▇▇▇▇▇▇▇▇, an informal interpretation regarding the availability of
an exemption from the filing requirements of the Hart-Scott-Rodino Antitrust
Improvements Act of 1976 (the "Act") pursuant to 16 C.F.R. §802.51 in connection
with a proposed world-wide joint venture to be entered into by ▇▇▇ and ▇
relating to the ▇▇▇▇▇▇▇▇▇
▇▇▇▇

        As part of the joint venture arrangement, ▇ will be forming a joint venture
corporate entity under the laws of the ▇▇▇▇▇▇▇▇
▇▇▇▇▇▇ shall each own fifty (50%) percent of the issued and
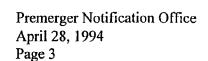outstanding voting securities of the ▇▇▇▇▇▇▇ It is through this

Premerger Notification Office
April 28, 1994
Page 2

████████████which are to be a part of the joint venture are to be directly or indirectly held.

The only U.S. operations to be involved in the joint venture will be held

██

██████ As part of the joint venture arrangement the assets of the ████████████ ████████████corporation and an indirect wholly-owned subsidiary of ██ and certain of the current assets and liabilities (inventory and accounts receivable and payable only) of the ████business of ████ ████████████████████████████████and a wholly-owned indirect subsidiary of ██████will be transferred to the ██████████ ████████in consideration of cash equal to the fair market value of the assets transferred. In addition, the████████████████will undertake the ████ purchasing, marketing and sales functions of ████████ and the employees of ████████engaged in the████purchasing, marketing and sales functions will be transferred to the ██████████████████████ shall also be entering into a toll manufacturing agreement for a ten (10) year period with the ████ ██████████████████pursuant to which██████████shall use its manufacturing facilities to produce products for the ████████████████in consideration of _____

The book value of the "total assets" to be transferred by ████████████ to the ████████████████ based upon the last regularly prepared balance sheet of ██████████████ is approximately $7,500,000 and the book value of the ⌐ $11.

████████████████████████████

transactions, it is apparent that both [redacted] would be required to make a *requirement of §801.40*

interest in the [redacted] would be exempt from the requirements of the Act under 16 C.F.R. §802.51(b), which states that a foreign person shall be exempt from the requirements of the Act if the acquisition is of voting securities of a foreign issuer and shall not confer control of an issuer which holds assets located in the United States having an aggregate book value of $15,000,000 or more, or a U.S. issuer with annual net sales or total assets of $25,000,000 or more. As noted earlier,

must meet both §902.51(b)(1) and (2)

802.51(b)(4)

802.51(b)(1)

the [redacted] as a result of the above referenced transaction shall [illegible] total assets of less than $15,000,000 based upon their current book value [illegible]

16 C.F.R. §802.51(b)(2) would be zero or, in the worst case scenario, $17,000,000, [illegible]

being transferred to the [redacted] since only the current assets and none of the production assets to which such sales are also attributable are being transferred.

Although 16 C.F.R. §801.11 and §802.40(c) clarify the application of the test under 16 C.F.R. §802.51(b) as it relates to "total assets" for a joint venture, these provisions do not indicate whether annual net sales attributable to such assets are to be used in connection with a joint venture or whether the annual net sales portion of this test is inapplicable to joint ventures. As a result, we request your advice as to

see ABA 199 and 2nd

otherwise sales are -0-,

whether our analysis is correct that in connection with ...

division of company being transferred or conveyed to the joint venture, as in the case set forth above with respect to ███████████ but not in the case with respect

Your comments and interpretation with respect to this issue would be greatly appreciated. Please be advised that the parties wish to have the joint venture operational by May 31, 1994, and that if a filing under the Act is necessary it shall have to be made shortly in order to satisfy the requirements of the Act prior to that date. If any additional information or facts are required, please do not hesitate to contact me. I look forward to your response.

Very truly yours,

called ███████████ 5-3-94

noted in margins. (PS)

R S concurs