

801.10 (a) (ii) (2)

(DRAFT)
November __, 1995

Richard B. Smith, Esq.
Federal Trade Commission
Premerger Notification Office
Sixth & Pennsylvania Ave., N.W.

I am writing to confirm our telephone

described below, a transaction would not be reportable under the Hart-Scott-Rodino Antitrust Improvements Act:

Seller manufactures widgets and sells the widgets through a number of distribution channels. Buyer and Seller's subsidiary compete in the sale of widgets through one such channel, which is seasonal. Seller has over \$100 million in assets/sales and Buyer has over \$10 million in assets/sales. Buyer ordinarily purchases

million, all the assets of Seller's subsidiary except for inventory (valued at approximately \$6.2 million), accounts receivable (valued at approximately \$1.4

approximately \$0.3 million). Buyer will assume obligations and liabilities of Seller's subsidiary relating to the purchased assets (most likely about \$0.2

After the aforementioned sale of the assets of its subsidiary, Seller would continue to manufacture widgets, but Seller's subsidiary would no longer remain in the business of seasonal widget sales. The unsold inventory of Seller's subsidiary would continue to be stored at the Buyer's warehouse (formerly the Seller's

selling season during this period Seller's

the asset sale, buyer would have the right (but not any obligation) to purchase any or all of the assets

*of less than 2%
buy what's left
11/19 - DLW*

to any purchases of such inventory that Buyer may make
purchase (at Seller's cost) \$2 million of this inventory
at the end of the seven month widget-selling season

season.
Buyer and Seller would also enter into a 5-year
widget supply contract, commencing at the beginning of
increase the number of widgets purchased by
Seller, in exchange for certain price discounts.

If the foregoing does not accurately reflect our
conversations and you
hesitate to call me
Thank you very much.

Sincerely,

[Redacted signature]

11/29/95 - Advised writer that acquisition price is sum

ATT: [Redacted] [Redacted] [Redacted] [Redacted] [Redacted]

*It cannot
value of the right to purchase widgets at the agreed upon price
must be made by the board of the acquiring person*

RR Smith