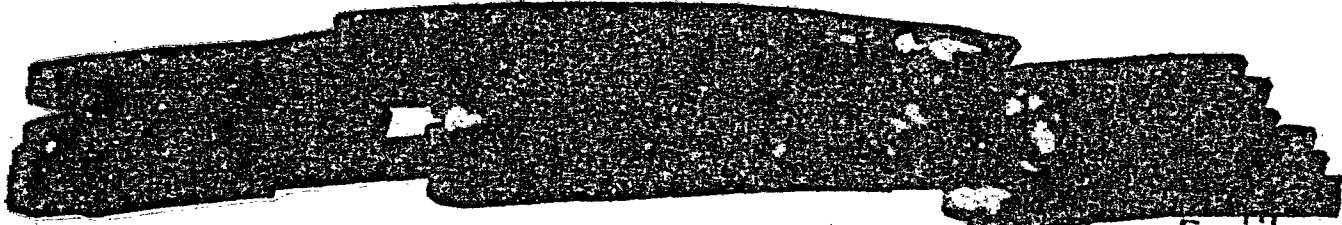


WE



August 5, 1985

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40 PM '85  
REGISTRATION

By Hand

Wayne E. Kaplan, Esquire  
Premerger Notification Office  
Federal Trade Commission  
Room 315  
425-13th Street, N.W.  
Washington, D.C. 20580

Dear Mr. Kaplan:

Re: Informal Interpretation of 16 C.F.R. § 801.40(c)  
and its relation to 16 C.F.R. § 802.20(b)

In our recent telephone conversation, we have discussed the applicability of §§ 801.40(c) and 802.20(b) to the factual assumptions set out below. You had advised me that you concur with my analysis that the transaction described below is not reportable because of the applicability of the minimum dollar value exemption (16 C.F.R. § 802.20(b)). My client intends to consummate the transaction described below without reporting based on your informal advice.

**I. Facts:**

[REDACTED] is a manufacturing corporation engaged in commerce with sales and assets in its most recent calendar year in excess of \$100 million. [REDACTED] is a foreign corporation with manufacturing assets located outside the United States and with total sales and assets of less than \$100 million and sales into the United States of less than \$25 million. [REDACTED] and [REDACTED] propose to form a joint venture corporation, the common securities of which will be owned 50% by [REDACTED] and 50% by [REDACTED]. The joint venture corporation, [REDACTED] will have an equal number of directors elected by [REDACTED] and [REDACTED]. [REDACTED] will act as the exclusive distribution

This material may be subject to the provisions of the Freedom of Information Act which require disclosure under the Freedom of Information Act

[REDACTED]

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agent in the United States for products manufactured by [REDACTED]. In addition, [REDACTED] is authorized to consider acquiring or establishing a domestic manufacturing base for products related to those manufactured by [REDACTED]. It is possible that [REDACTED] will make a United States acquisition within the first few months after formation. [REDACTED] does not manufacture or sell any products identical to or competitive with any product manufactured by [REDACTED] or proposed to be manufactured or sold by [REDACTED].

At the time of the formation of [REDACTED] and [REDACTED], [REDACTED] will each contribute \$1.5 million and will receive 50% each of the outstanding voting securities of [REDACTED]. In addition, [REDACTED] will contribute to [REDACTED] \$5.91 million as paid-in-capital for which no securities will be issued. [REDACTED] will also purchase \$1.09 million of [REDACTED] preferred stock which will receive a dividend of approximately 10% per year. [REDACTED] will receive from [REDACTED] an option to purchase 15% of the outstanding voting securities of [REDACTED] for approximately \$10 million.

[REDACTED] have agreed that if [REDACTED] is unable to fund from earnings its working capital, capital projects or acquisitions, and if the Board of Directors of [REDACTED] shall request, [REDACTED] will make such contributions up to a maximum of \$13 million in addition to the initial \$10 million paid in at the time of the formation of [REDACTED].

If the option referenced above has not been exercised such funding shall be made by [REDACTED] by purchasing [REDACTED] preferred shares and making an additional capital contribution in cash, for which no additional securities will be issued, in a ratio of 25.9% preferred shares to 74.1% paid-in-capital. If the option referenced above has been exercised the capital requirements will be funded by [REDACTED] in cash, without additional securities being issued, in a ratio of 25.9% for [REDACTED] and 74.1% for [REDACTED].

The Board of Directors of [REDACTED] has made a good faith determination that the value of the voting securities to be received in connection with the formation of [REDACTED] is substantially less than \$15 million and is essentially equivalent to the acquisition price of the [REDACTED] common stock it will acquire -- \$7.4 million.

[REDACTED]

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I believe the above facts accurately reflect the facts as we discussed them in our telephone conversation. If you disagree, please contact me immediately.

[REDACTED]

[REDACTED]

[REDACTED]