

[REDACTED]

AS

File

November 15, 1985

CERTIFIED MAIL,  
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PREMERGER NOTIFICATION OFFICE

Andrew Scanlon, Compliance Specialist  
Federal Trade Commission  
Premerger Notification Office  
6th & Pennsylvania Avenue, Room 303  
Washington, D.C. 20580

This material may be subject to the confidentiality provisions of Section 7A of the Freedom of Information Act which restricts release under the Freedom of Information Act

Dear Mr. Scanlon:

I would like to confirm our conversation of November 14 regarding the transfer of goods in the ordinary course of business.

[REDACTED] and wholly owned subsidiary of [REDACTED] corporation, which in turn is a wholly owned subsidiary of [REDACTED]. [REDACTED] will sell its "private label business" to [REDACTED]. The private label business consists of the following assets:

- A. Real property, warehouse, plant, machinery and equipment located in [REDACTED]
- B. Packaging, blending and support equipment located at [REDACTED]
- C. Customer lists, goodwill and a few trademarks.

and the following liabilities:

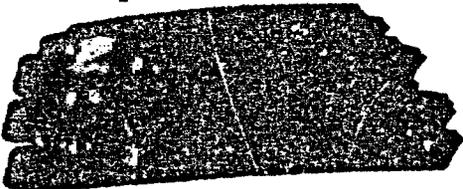
- A. [REDACTED], lease and contract packing agreement.
- B. Other contracts, leases, commitments, etc. as the parties may agree at Closing.

The purchase price for the assets is the net book value of the Assets as of Closing. The net book value as of September 30, 1985, was [REDACTED]. [REDACTED] will pay cash in the amount of the net book value, to be adjusted to the Closing date. In the event that [REDACTED] assumes a \$750,000 13.5% Note due December 31, 1990, the cash at Closing will be reduced by the amount of the Note.

Andrew Scanlon, Compliance Specialist

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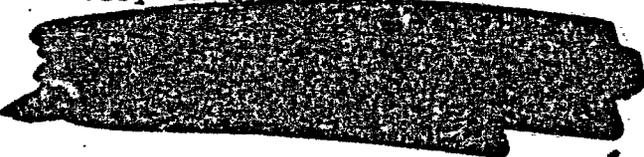
At Closing,  will enter into a separate contract packing arrangement that will provide for  purchase of  inventory on an "as needed" basis. The inventory will include (1) inventory existing in warehouses at Closing (currently estimated to be valued at \$21 million); (2) inventory for which there are commitments prior to Closing to accept after Closing, and (3) inventory for which commitment might be made after Closing. The contract packing arrangement is set out in paragraph 8 of the Letter of Intent, a copy of which is attached.

We anticipate that much of the inventory will be consumed in the contract packing relationship within six months. At some point in time  will purchase its own inventory of raw materials to be contract packed by . As you will note the tangible assets sold to  for approximately \$2,000,000 do not include assets of  California packing plant where the contract packing agreement will be performed.

Accordingly, this letter confirms our conversation that the inventory purchased on an "as needed" basis in the course of a contract packing arrangement is not subject to the Act's notification and waiting period requirements, because the transfer falls within the exemption for goods transferred in the ordinary course of business. Finally, you indicated that if this was not the case you would get back to me as soon as possible.

Again, thank you for your assistance.

Very truly yours,



*AS*  
*Andrew Scanlon*  
*11/20/85*