



January 17, 1986

BY HAND

Mr. Andrew Scanlon  
Premerger Notification Office  
Federal Trade Commission  
Room 303  
7th & Pennsylvania Avenue, N.W.  
Washington, D.C. 20580

REC-111  
JAN 21 10 30 AM '86  
FEDERAL TRADE COMMISSION  
NOTICE OFFICE  
This material is confidential

Dear Mr. Scanlon:

This is to confirm our telephone conversation of January 17, 1986, that it is the Premerger Notification Office's position that the hypothetical transaction described below need not be reported under the Commission's Premerger Notification Rules.

Company A is acquiring certain technology developed by Company B. Company A will pay Company B \$5.5 million upon signing the agreement with an additional \$5.5 million payment to be made two years thereafter or when a to be constructed plant is ready for commercial production, whichever is earlier. The agreement further provides for an additional payment of up to \$12.5 million, contingent upon the revenues earned from the to be constructed plant. The additional contingent payments would be made over a period of five years from the date that the plant first commences operation, which is expected to be approximately two years from the date the agreement is signed.

In our telephone conversation, you advised me that the transaction described above need not be reported since it did not meet the size of transaction test. You confirmed that the value of the assets acquired under Rule 801.10(b) would be \$11 million and that the additional payment contingent on the stream of revenues from a yet to be constructed plant would not be included in the value of the technology assets purchased.

We appreciate your prompt attention to this matter and will, of course, be pleased to provide you with any clarification of the above hypothetical transaction that you may require.

[REDACTED]

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I will be contacting you to reconfirm the substance of our  
January 17, 1986 telephone conversation as set forth above.

Sincerely yours,

[REDACTED]

1/21/86

T/C Scanlon / [REDACTED]

I advised [REDACTED] that this  
letter informs that I made the decision  
that the contingent payment had no  
value. I explained that while we  
discussed the situation the determination  
of the value (if any) of the contingent  
payment must be made by the filer  
as understood.

[REDACTED]

Amf