

File



January 24, 1986

BY HAND

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

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Andrew
1/27/86

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PREMERGER
NOTIFICATION
OFFICE

Dear Mr. Scanlon:

This is to supplement my letter of January 17, 1986 (see attached) in which I sought confirmation that the hypothetical transaction described therein need not be reported under the Commission's Premerger Notification Rules. As you suggested in our subsequent telephone conversation on January 21, 1986, we are providing you with the following additional information regarding Company A's valuation of the technology assets that are to be acquired.

Under Rule 801.10(b), if the acquisition price in a transaction has not been determined then "[t]he value of the assets to be acquired shall be the fair market value of the assets." In the hypothetical transaction under consideration, the acquisition price has not been determined since the purchase agreement provides for a payment contingent upon revenues earned from a to be constructed plant as part of the acquisition price. Accordingly, the value of the technology assets to be acquired are their fair market value. The ultimate parent entity of Company A, the acquiring person, has determined that the fair market value of these assets is slightly less than \$13 million. Thus, the acquisition fails to meet the "size of transaction" test as set forth in Section 7A(a)(3)(B).

I trust that this additional information is sufficient for the Premerger Notification Office to confirm that the hypothetical transaction described need not be reported under Hart-Scott-Rodino. I will be contacting you to verify this conclusion.

Thank you for your continued assistance in this matter.

Sincerely yours,

