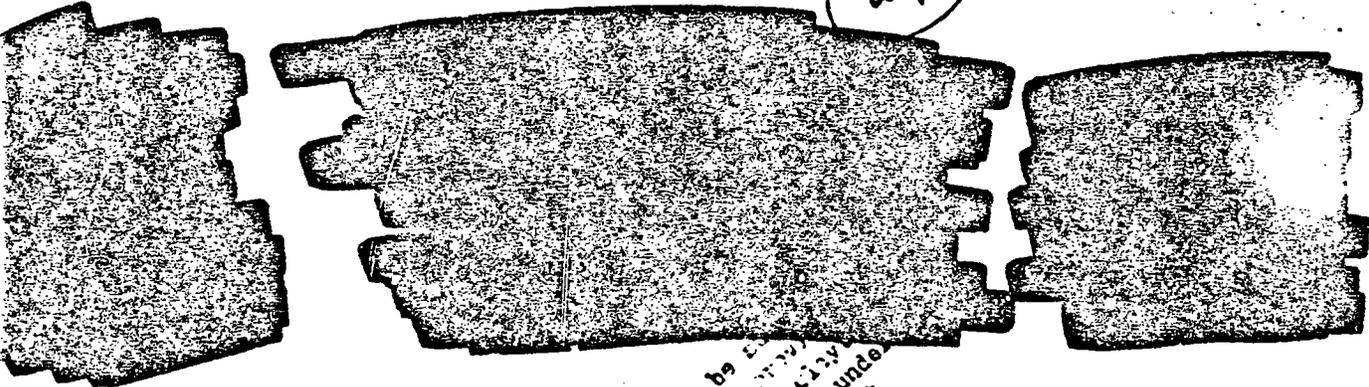


WK



July 24, 1986

This material may be exempt from release under the Freedom of Information Act.

Wayne Kaplan, Esq.  
Premerger Notification Office  
Bureau of Competition - Room 3033  
Federal Trade Commission  
Washington, DC 20580

JUL 25 9 11 AM '86

Dear Mr. Kaplan:

Pursuant to our conversations of July 10, 1986 and July 22, 1986 and further to my letter of July 21, 1986, I am writing to confirm the advice that you gave to me concerning the obligations of a foreign person reporting revenues in response to Item 5 of the Premerger Notification and Report Form (the "Form"). We intend to rely upon our understanding of that advice, as set forth herein, unless I hear to the contrary from you within ten days.

To restate the relevant facts: We represent a foreign person ("Company A") that has sales offices and subsidiaries located in the United States. Company A intends to acquire either the assets or voting securities of a United States issuer, under circumstances where the Hart-Scott-Rodino Antitrust Improvements Act of 1976 require that a Form be filed. Company A manufactures goods outside

the United States and sells those goods directly to third parties in the United States, as well as through its sales offices and subsidiaries. In responding on behalf of Company A to Item 5 of the Form, we intend to report revenues using the following guidelines, based upon your advice:

(1) We will not report revenues for goods manufactured outside the United States that are sold directly to subsidiaries or third parties in the United States. You advised me that revenues derived from such transactions are not considered revenues from "operations conducted within the United States." (§ 803.2(c)(1)).

(2) We will report revenues derived from sales of goods manufactured outside the United States when those sales are made by Company A's sales offices located in the United States. You advised me that if a sales office is considered an "establishment" and if orders for Company A's products are placed through that sales office, revenues derived from such sales are revenues derived from "operations conducted within the United States." You further advised me that an establishment is essentially an office with a telephone.

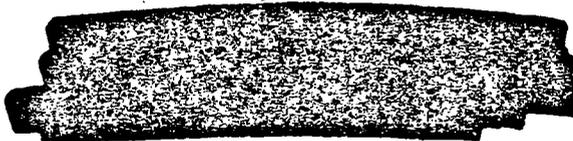
(3) Except as set forth in Point 4 below, we will use wholesale or retail SIC codes, rather than manufacturing SIC codes, when reporting revenues for sales of Company A's goods made by a United States sales office or subsidiary. You advised me that if Company A's goods are manufactured outside the United States and then sold in the same form by a United States sales office or subsidiary a wholesale or

(4) We will use a manufacturing SIC code for a sale of goods by Company A's United States subsidiary when that subsidiary has purchased a component part from Company A and used that component part in the goods sold by the subsidiary.

(5) We understand that, subject to the availability of relevant data, the Regulations require reporting of revenues derived from each sale by one of Company A's United States subsidiaries to another of Company A's subsidiaries, as well as revenues derived from the ultimate sale by a United States subsidiary to a third-party. You advised me that the presence or absence of "value added" was not a relevant consideration in determining whether an intracompany transaction must be reported, even through reporting each intracompany sale might result in "double reporting."

Thank you for your assistance in this matter. I appreciate the guidance you have given me. If you need additional information or if I can be of further assistance, please give let me know.

Sincerely,

A large, dark, rectangular redaction covering the signature and name of the sender.

cc: Director of Operations  
Antitrust Division  
Department of Justice