

801.11
802.20(b)
7A(a)(2)(b)

April 15, 1992

BY HAND

Patrick Sharpe, Esquire
Federal Trade Commission
Premerger Notification Office
Seventh and Pennsylvania Avenue
Room 303
Washington, D.C. 20580

Dear Mr. Sharpe:

This is confirm our conversation on Friday, April 10, 1992 that the following transaction is exempt from filing an Antitrust Improvements Act Notification and Report Form: Company A wishes to acquire 100% of the stock of Company B for \$7 million. The ultimate parent entity of Company A has sales or assets in excess of \$100 million and the ultimate parent entity of Company B has sales or assets in excess of \$10 million, thereby, meeting the size-of-person test of 15 U.S.C. § 18a. As a result of the acquisition, Company A would hold 100% of the voting securities of Company B, thus, satisfying the 15% test of 15 U.S.C. § 18a(a)(3)(A). After the acquisition, Company A would not hold voting securities and assets in excess of \$15 million as the acquisition price is \$7 million; thus, the transaction does not come within §18a(a)(3)(B). Because the acquisition is within subpart (A), but not subpart (B), of 15 U.S.C. §18a(a)(3)(A), and because it meets the other requirements of 16 C.F.R. § 802.20(b), the transaction is exempt from reporting. Section 802.20(b) exempts an acquisition of less than \$15 million of assets and stock where the acquiring party as a result of the acquisition will not hold "voting securities which confer control of an issuer which, together with all entities it controls, has annual net sales or total assets of \$25 million or more." In the instant matter, Company B (the issuer) has annual net sales of \$13 million and total assets of \$5 million. It controls no other sales or assets. Since Company A, as a result of the acquisition, will hold assets and stock of less than \$15 million and since Company B does not control sales or assets in excess of \$25 million, the transaction is exempt from filing under § 802.20(b).

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FEDERAL TRADE
COMMISSION
PREMERGER NOTIFICATION
OFFICE

sales and
assets are
less than
\$25.0mm

Patrick Sharpe, Esq.
April 15, 1992
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Would you please advise me promptly if you disagree with the
above conclusion that the transaction is exempt from reporting
[REDACTED] Thank you for your assistance.

Sincerely,
[REDACTED]

Is company B a manufacturing or service company?
Service oriented - no manufacturing.
Is company B its own UPE? yes

Company B does not meet the size-of-person
test because the test for this scenario
applies to assets only. You need not get
to the exemptions.

called [REDACTED]

4-15-92

(85)