

801.10 P.23 7A-  
Agreement by a  
supplier to a

[REDACTED]

to maintain a supply  
agreement is not an  
asset.

April 16, 1992

Mr. William Schechter  
Staff Attorney  
Premerger Notification Office  
Bureau of Competition  
Federal Trade Commission, Room 303  
Washington, D.C. 20580

APR 20 2 31 PM '92  
FEDERAL TRADE  
COMMISSION  
PREMERGER NOTIFICATION  
OFFICE

Dear Mr. Schechter:

Pursuant to our telephone conversation of earlier this afternoon, we are providing you certain representations with respect to the transaction described in my April 6, 1992 letter. You indicated that, with the additional information provided herein, unless we heard from you to the contrary by the end of business today, we could move ahead with the consummation of the proposed transaction without filing premerger notification.

Specifically, you requested us to confirm for you that the price paid for the [REDACTED] inventory at the Seller's distribution facility is its fair market value as negotiated between the parties at arm's length and is not "depressed" or "written down" in order to shift consideration therefor into the "advance" paid in connection with the "Supply Agreement." You also asked us to represent that the "advance" to be paid by the Buyer in connection with the proposed "Supply Agreement" is a type of payment which takes place on a regular basis in the industry.

Based on information provided to us by our client and our own representation of the Seller in connection with the proposed transaction and other similar transactions involving the supply of [REDACTED] we represent as follows:

1. The consideration to be paid by Buyer for the [REDACTED] inventory in Seller's present distribution facility is based on the Seller's costs, as reflected on its books and records, subject to minor adjustments to take into consideration certain trade discounts, allowances, and the like. To the best of our knowledge, therefore, the consideration to be paid represents the fair market value of such inventory.

2. The "advance" to be paid by Buyer to Seller in connection with the "Supply Agreement" is, based on information provided to us by our client and upon our representation of this client in connection with similar supply arrangements, of a type which takes place on a regular basis in the industry.

If we have not heard from you by the close of business today, we will proceed with consummation of the proposed transaction as described in my April 6, 1992 letter, without a filing under the Premerger Notification Rules.

Very truly yours,



*The original second page of this letter, dated April 16, 1992, was misplaced. The author provided another copy of that page but inadvertently dated it December 11, 1992.*

