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March 26, 1992

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FEDERAL TRADE COMMISSION PREMERGER NOTIFICATION OFFICE MAR 27 1 01 PM '92

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Mr. Patrick Sharpe
Premerger Office
H-303
Federal Trade Commission
Washington, D.C. 20580

Re: Proposed Transaction

Dear Mr. Sharpe:

The purpose of this letter is to confirm our telephone conversation concerning the significant details of a proposed transaction, which is exempt from the filing requirements of The Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "Act"). The terms used herein, which are defined in the Act or the Rules promulgated thereunder (the "Coverage Rules") by the Federal Trade Commission thereunder, have the same meanings when used herein. The transactions described below will be consummated simultaneously. — We don't recognize! (2 & 3rd)

Fifty percent of the voting securities of Company X are currently owned by Company A and 50% are owned by Company B. not rel

Company A (50%) — Company X — (50%) Company B

(Sub) acquisition price or FMV, whichever is higher.

① since two acquired persons, 802.30 doesn't apply
② since purchase of assets, (c)(3) doesn't apply

Company X operates various businesses through subsidiaries and is in the process of preparing to offer its voting securities to the public. Immediately prior to the consummation of the public offering, Company A (through a newly created, wholly-owned subsidiary) will purchase the assets of certain of Company X's subsidiaries for their net book value (approximately $3.8 million) and will assume approximately $200,000 of known liabilities of such subsidiaries.

first step

what is the fair market value?

① acquisition price = $3.8 + $.2 or $4 MM
② what is FMV? Whichever is higher is the "acquisition price"

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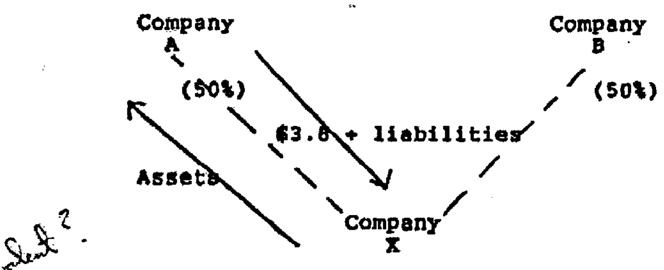


Hold 201.1(c)(8) (in effect an exempt.

cash equivalent?

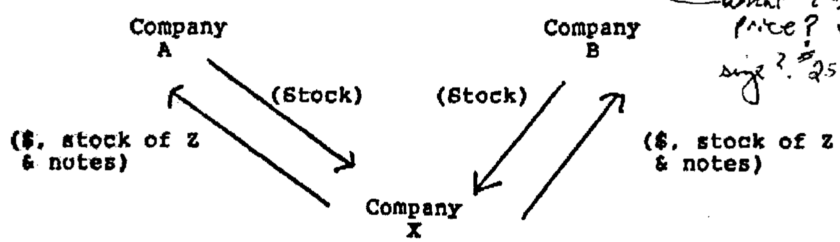
next step?

Voting securities of Company X will be sold to the public diluting the aggregate interest of Company A and Company B in Company X to 20% (10% for each of Company A and Company B, respectively). Simultaneously with the public sale, the voting securities of Company X held by Company A and Company B will be redeemed in exchange for cash, voting securities of a subsidiary of Company X ("Subsidiary Z") and certain existing promissory notes of other subsidiaries or affiliates of Company X held by Company X. Company A is to receive in the redemption cash (in an amount currently estimated at approximately $8 million), 50% of the voting securities of Subsidiary Z and the promissory notes of three affiliates of Company X. Company B is to receive in the redemption cash (in an amount currently estimated at approximately $12 million), 50% of the voting securities of Subsidiary Z and the promissory notes of two affiliates of Company X.

what is purchase price? $8.5 mn

$25.0 Don't have exemp here

What is the purchase price? What is Z's size? $25 Mn in sales or assets



There are three potentially reportable acquisitions.

maybe notifs in time

will this take place first?

The first is the acquisition by Company X of its own voting securities from Company A and Company B. A redemption of this type is not a reportable transaction under ~~§~~ (c)(3) of the Act.

no more than two UPE

owned comparable to (c)(8) Hold

No. Example 4 to 802.30, i.e., a company's redemption of its own stock from others, is the correct exemption.

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Sub obligations?

are there "cash equivalents"? consider asset for X — ok

The second potentially reportable transaction is the acquisition by Company A of (i) the assets of certain subsidiaries of Company X, (ii) 50% of the voting securities of Subsidiary Z, (iii) cash and (iv) promissory notes from affiliates of Company X. The cash and promissory notes acquired by Company A are not "assets" under § 801.21 of the Coverage Rules and § (c)(2) of the Act. The acquisition of 50% of the voting securities of Subsidiary Z by Company A is exempt under § (c)(3) of the Act. Under § 801.15 of the Coverage Rules, the value of these voting securities must be aggregated with the value of the assets acquired. The aggregate value of the assets (not including cash and promissory notes) and the voting securities acquired by Company A is less than $15 million, as determined in accordance with § 801.10 of the Coverage Rules. Thus, the asset transaction is exempt under § 802.20 of the Coverage Rules and the voting securities acquisition is exempt under § (c)(3) of the Act. No.

801.15 does not allow you to carve out

801.14 — The assets must be aggregated with VS of Sub Z.

The third potentially reportable transaction is the acquisition by Company B of 50% of the voting securities of Subsidiary Z, cash and promissory notes from affiliates of Company X. The acquisition of the voting securities is exempt under § (c)(3) of the Act. The cash and promissory notes are not "assets" under § (c)(2) of the Act and § 801.21 of the Coverage Rules.

once diluted you cannot be exempt under c-3

Please telephone me at [redacted] you have any questions or comments. The parties plan to consummate these transactions without filing under the Act unless I hear otherwise from you in the next five business days.

Very truly yours,

[redacted]

not if A's 50% holding in X has been redeemed by X (We must look at transaction as if A+B no longer control X.)

Note: If assets purchase occurs first, do not aggregate. see exampl. 801.14 and 801.15(b)
Even if aggregate value is less than $15.0 mm

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