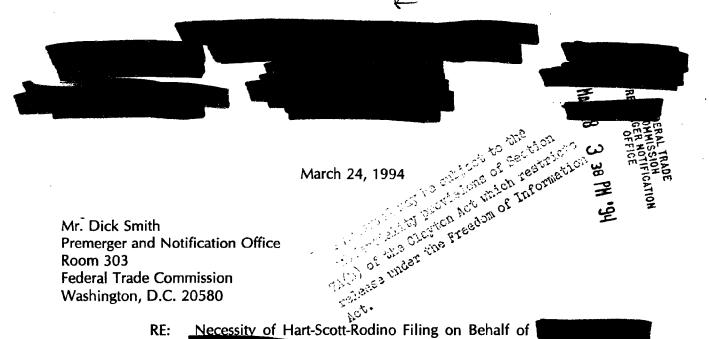
801.1 (c) (4); 7A (a) (2) (A) and (C)



Dear Mr. Smith:

Pursuant to our conversation on March 22, 1994, regarding the necessity of our client, filing the requisite notification under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (15 U.S.C. §18a; "Hart-Scott-Rodino"), we submit, on behalf of the Company, this letter describing the proposed transaction and our interpretation of Hart-Scott-Rodino and request your office's comment.

Background

The Company is a specialty retailer primarily engaged in the retailing and distribution of the Company's subsidiaries, the Company manufactures and distributes high quality

Unable to resolve its financial problems resulting from its debt leverage, a declining economy and intense competition, the Company and four of its direct and indirect wholly-owned subsidiaries filed voluntary petitions under Chapter 11 of the United States Bankruptcy Code, 11 U.S.C. §101 et. seq., on On the Company, along with the other debtors, filed a Fourth Amended Joint Plan of Reorganization with the Bankruptcy Court (the "Reorganization Plan"). The Reorganization Plan was confirmed by the Bankruptcy Court on the Company and became effective on the Company and provided the Company and States are confirmed by the Bankruptcy Court on the Company and sequence of the Company and four of the Company and four of the United States Bankruptcy Court (the "Reorganization Plan").

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As a result of the Reorganization Plan, approximately \$ Million of outstanding principal amount of loans from

Lenders")

remained secured by substantially all of the Company's real estate.

The Company, and its subsidiaries, meets both the annual net sales and total assets limits under Hart-Scott-Rodino.

II. General Description of the Proposed Transaction

The Company intends to form a Trust in which substantially all of the Company's real estate which presently secures the loans made by the Lenders will be transferred. In consideration thereof, approximately \$80 Million of the approximately Million of debt currently owed by the Company to the Lenders will also be transferred to the Trust. The beneficiaries of the Trust will be the Company and some of its subsidiaries.

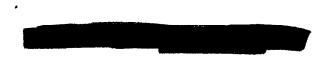
The general purpose of the Trust will be to liquidate the assets of the Trust and pay down the assumed debt and other associated costs and expenses. The trustee of the Trust will be who shall liquidate the assets in such a manner as it determines in its sole and absolute discretion without the consent from the Company.

The residual of the Trust, if any, after full payment of the assumed debt and the other associated costs and expenses will be distributed 80% to the Company and 20% to the least to pay down any remaining debt, if any, owed by the Company to the Lenders.

III. Interpretation Under Hart-Scott-Rodino

In our view the filing of a notification under Hart-Scott-Rodino is not required for the above-described transaction for each of the following reasons:

A. Prior to the proposed transaction the Trust as the "acquiring person" will have no assets or annual net sales, the transaction therefore fails to satisfy any of the



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required tests of §18a(a)(2), each of which require minimum annual net sales or total assets of the "acquiring person".

- B. Since the Company and some of its wholly-owned subsidiaries are the beneficiaries of the Trust, the Company should be considered the "parent entity" of the Trust resulting in the lack of a true "acquiring person".
- C. Since the Company and some of its wholly-owned subsidiaries retain an 80% interest in the residual of the Trust after the assumed debt is paid off, the Company, again, should be considered the "parent entity" of the Trust resulting in the lack of a true "acquiring person". Based on this reasoning, we feel that Hart-Scott-Rodino is never triggered.

We would appreciate your prompt response to this letter. We understand that your conclusions are to be deemed by us as "informal".

If you have any questions or would like to discuss this matter further, please do not hesitate to contact me.

