



October 17, 1994

VIA TELECOPIER 1-202-326-2624

Melea Epps, Esq.
Staff Attorney
Premerger Notification Office
Bureau of Competition
Federal Trade Commission
Washington, D.C. 20580

Dear Ms. Epps:

During our telephone conversations of October 13, 1994 we described to you (i) a proposed acquisition by our client of tangible assets, and (ii) proposed simultaneous subleases to our client from the same seller. Our question to you was whether any amount of the sublease payment by our client is required to be included in calculating the acquisition price of the assets to be acquired for purposes of the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended ("HSR Act"). The purpose of this letter is to memorialize your advice and the position of the staff of the Premerger Notification Office of the Federal Trade Commission ("Staff") on the issue.

We advised you that, as part of the asset acquisition transaction, the acquiring party will enter into certain subleases with the selling party. The sublease rental payments required to be made by the acquiring party (sublessee) will exceed the rental payments stipulated in the underlying lease required to be made by the selling party (sublessor) to the original lessor. No lump sum payment will be made by the acquiring party in connection with the subleases, nor have the parties assigned any separate value to the subleases. Moreover, the acquiring party will not be required to make any periodic payments in connection with the subleases other than the sublease rental payments referred to above.

We understand from our conversations that it is the Staff's interpretation of the HSR Act and the rules thereunder that no portion of the sublease payments (including the premium over the stipulated lease rent) must be included in the acquisition price

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for purposes of determining the value of the assets to be acquired in accordance with 16 C.F.R. § 801.10(b). Kindly telephone me at [REDACTED] to confirm this advice. Thank you for your assistance and cooperation with this matter.

Very truly yours,

[REDACTED]