[redacted]

801.1(a)(2)

[redacted]

April 13, 1995

VIA FACSIMILE

Richard Smith
Premerger Notification Office
Federal Trade Commission
Washington, D.C. 20580

AID

Dear Dick:

As we discussed this morning, I would appreciate your thoughts on whether a proposed transaction is reportable under the Hart-Scott-Rodino Act. The following describes the proposed transaction (assume the size of person test is satisfied):

Partnership A holds industrial real estate. The real estate has a gross fair market value of $46 million. This real estate is encumbered by $30 million in non-recourse debt. Thus, the equity value of Partnership A is $16 million. Partnership A is held by two 50% general partners: Partner B and Partner C.

Partner B is a limited partnership owned by a 1% general partner (Corporation Z) and a 99% limited partner (a state agency).

Partner C is a partnership owned by two 50% general partners: Sub-Partner D and Sub-Partner E.

Sub-Partner D is owned by several individuals and trusts.

Sub-Partner E is a limited partnership owned by a 1% general partner (Corporation Z) and a 99% limited partner (a state agency). Thus, Partner B and Sub-Partner E are different partnerships, but both are owned by the same corporation and same state agency. In addition, Corporation Z is wholly owned by that same state agency.

Based on the above description, you can see that currently the state agency's indirect economic ownership of the industrial real estate is 75% and Sub-Partner D's indirect economic ownership of the industrial real estate is 25%. control test

First step of transaction: Partner C makes a non-liquidating distribution of its entire interest in Partnership A to

[redacted]

Sub-Partner E. The consideration Sub-Partner E pays to Sub-Partner D for this interest is approximately $4 million. (After this step, the state agency indirectly owns 100% of the economic interest of the industrial real estate.)

Second step of transaction: Partner B assigns its interest in Partnership A to Sub-Partner E. At this point, Sub-Partner E is the only partner in Partnership A, thus Partnership A dissolves and Sub-Partner E takes title to the industrial real estate.

<u>Issues</u>:

A/D

A) Is the first step of the transaction reportable?

B) Is the second step of the transaction reportable?

To assist your analysis I have included a diagram that provides a pictorial view of the structure of this transaction at each step. Thank you for your assistance, [redacted] and I will be speaking with you soon.

Sincerely,

[redacted]

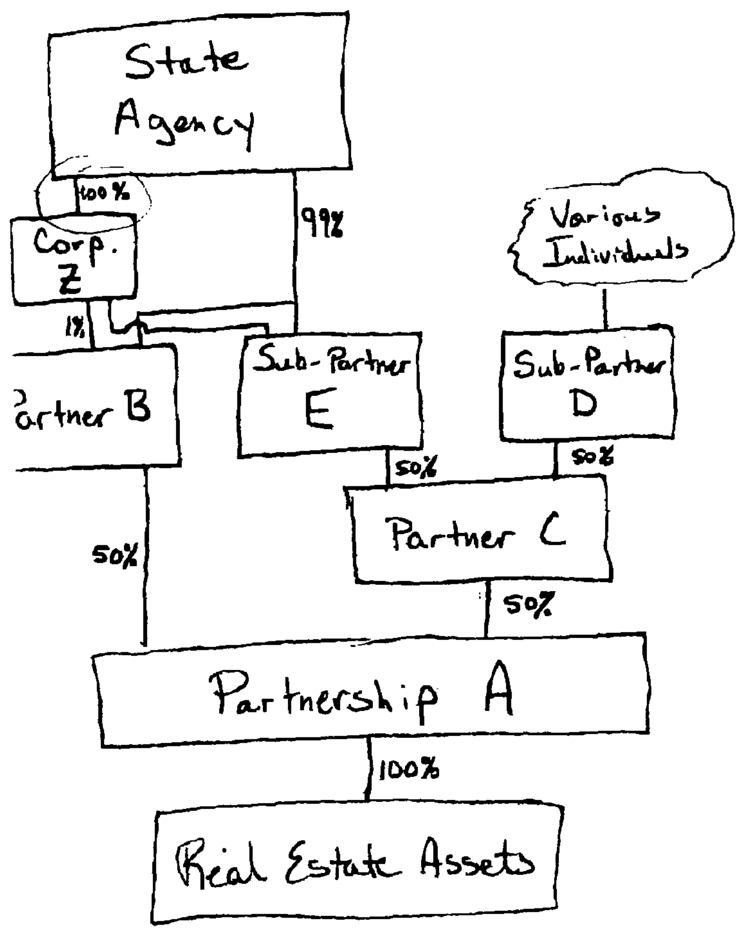
Enclosure

cc: [redacted]

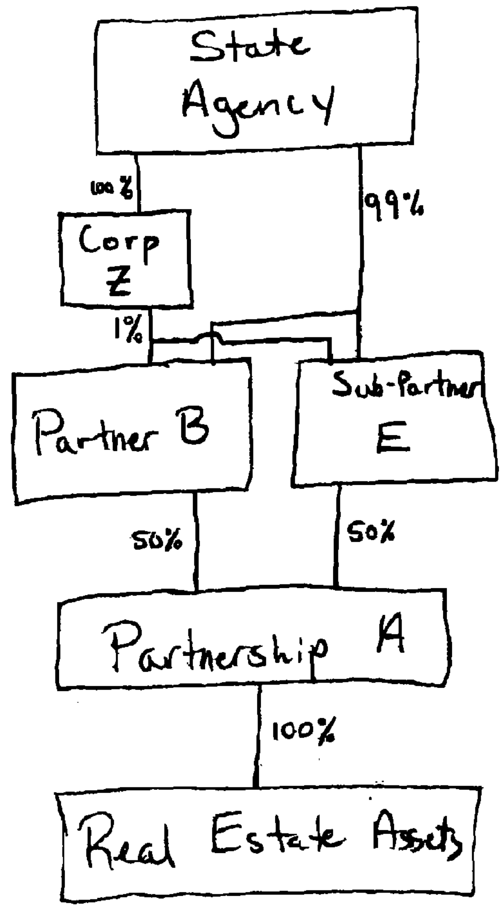
4/14/95 - [illegible] that, as long as state agency [illegible] that [illegible] [illegible] would not qualify [illegible] 801.1(a)(2) [illegible] 100% [illegible] without [illegible] in the [illegible] of the PNO [illegible] through a controlled corporation [illegible]). Both steps are non-reportable [illegible] a state agency [illegible]

R B Smith

Current Structure



After 1st Step



After 2nd Step