

November 25, 1996

CONFIDENTIAL

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

VIA FACSIMILE

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FACSIMILE

Dear Mr. Cohen:

A client is contemplating restructuring before selling voting securities of a newly formed subsidiary to a third party ("Buyer"). The client's current corporate structure is diagrammed in Exhibit 1. The individual shareholders are twenty-two (22) natural persons and no one controls Corp. A or LTD. Moreover, the individuals hold the same number of voting securities of Corp. A as they hold limited partnership units of LTD (35,710) and in the same proportion (each individual shareholder holds the same number of LP units and Corp. A voting securities). Thus, as you can see in the diagram, everything is ultimately owned by the individual shareholders, although LTD is the ultimate parent entity of LTD, Corp. A and Corp. B.

In a series of transactions which will occur on the same day, the client plans to achieve the internal corporate structure set forth in Exhibit 2. Effectively, the individual shareholders, who have not transferred any voting securities or LP units among themselves, exchange their LP units with Corp. A for additional shares of Corp. A and cash (enough to pay the taxes on the gains). Corp. A becomes the ultimate parent entity of Corp. A, Corp. B and LTD. The assets to be retained are transferred from the LTD to Corp. B, Corp. A and Corp. B own all of LTD units (although Corp. A holds them all by reason of its ownership of Corp. B). In addition, Corp. A and Corp. B form Newco, a subsidiary.

The final element of the restructure involves a "merger" of LTD into Newco. This "merger" is needed to transfer licenses and permits without obtaining new authorizations or consents. Once the requisite assets, licenses and permits are in Newco, Corp. A and Corp. B will sell the Newco voting securities to Buyer (we recognize that this transaction may be reportable).

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SELL ALL
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see next page



Mr. Victor Cohen

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We believe that the restructuring of the client (as outlined) does not present a reportable transaction (assuming the commerce test, size-of-the-person test and size-of-the-transaction test are met) based on the definition of the term "person" in § 801.1(a) and the application of exemptions § 7A(c)(3) and (10) of the Act, and § 802.30, Intraperson Transaction. Fundamentally, the same shareholders own the same proportion of the same assets at the beginning and end of the restructuring and at no point do these shareholders create two separate ultimate parent entities.

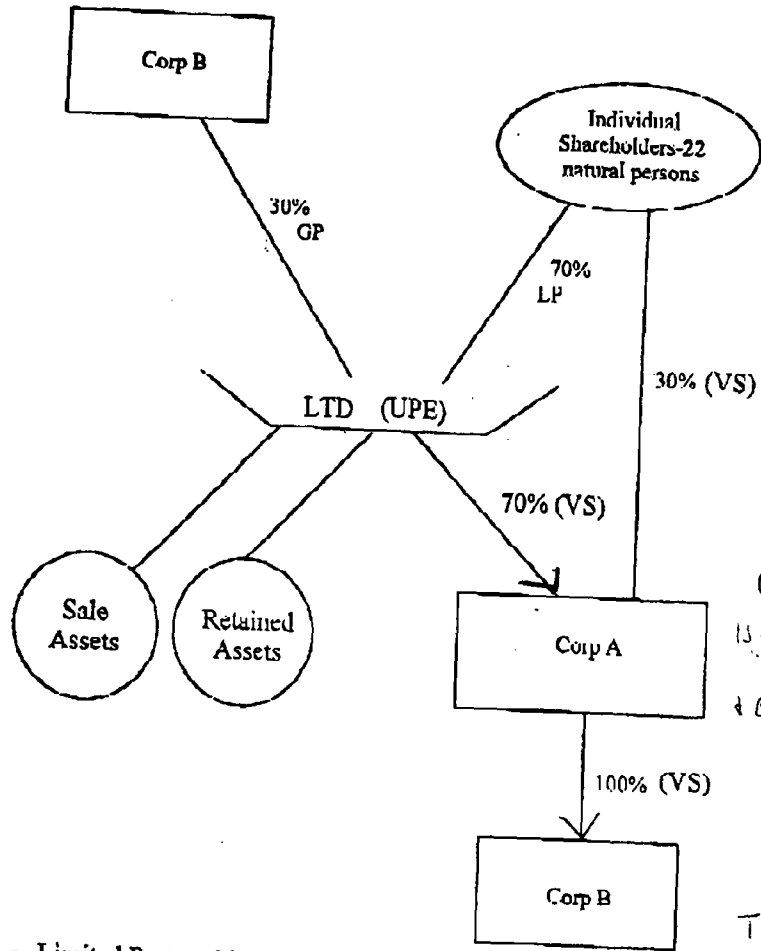
Please let me know if you need additional facts or information to do your analysis and I would appreciate your calling me to discuss this matter at your convenience.

Very truly yours,

[Redacted]
[Redacted] (partnership)
When Corp A acquires the remaining 70% interest in LTD
it has acquired the LTD assets & creates a fiscal year.
Since the partnership is collapsed Corp. A may place the
assets into various subsidiaries without making an acquisition.
The sale of Newco may be reportable if size test (RSK
Act) are met.
RS agrees

[Redacted]

Exhibit 1



①
 ISSUES
 "A" UN
 & BECOMES OWN UPE
 & UPE OF LTD

②
 TRANSFERS ASSETS

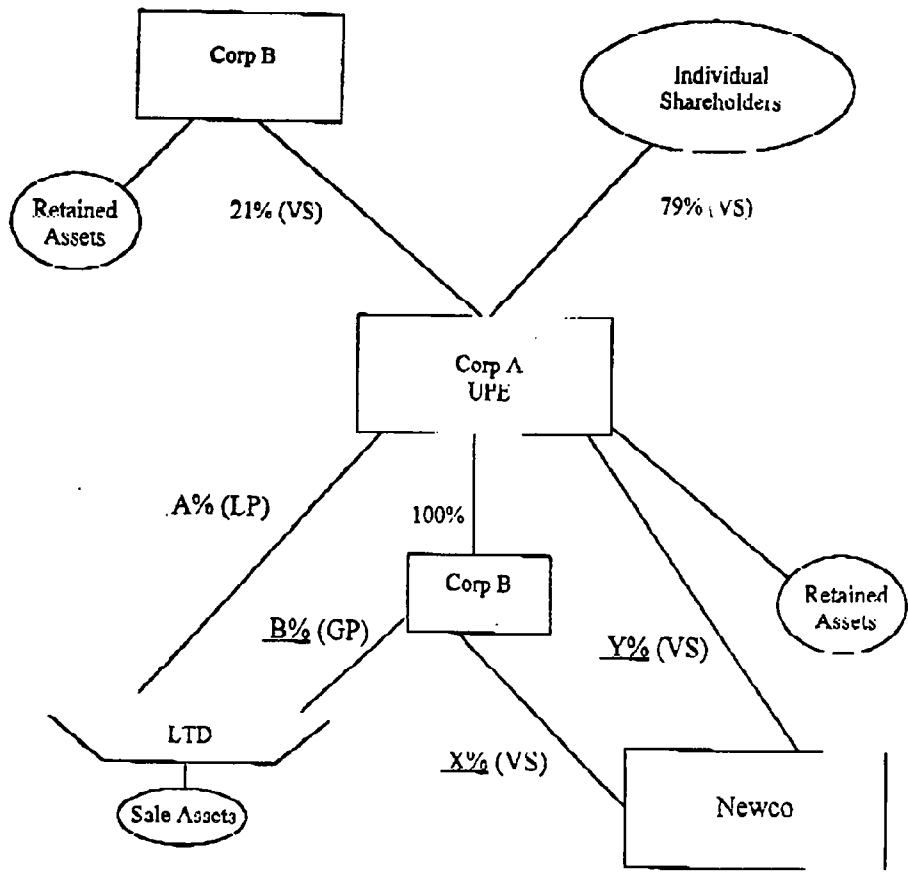
(TO BE RETAINED), FROM LTD TO B

③ MERGES LTD INTO NEWCO
 & NEWCO SELL TO 3RD PERSON

- LTD - Limited Partnership
- GP - General Partnership Units
- LP - Limited Partnership Units
- VS - Voting Securities
- UPE - Ultimate Parent Entity



Exhibit 2



A + B = 100%
 X + Y = 100%

