

February 24, 1998

VIA FACSIMILE TRANSMISSION (202) 326 2624
Joseph Krauss, Esq.
Premerger Notification Office
Bureau of Competition
Federal Trade Commission
Sixth and Pennsylvania Avenue, N.W.
Room 303
Washington, DC 20580

Re: Premerger Notification Analysis Issue [REDACTED]
Transaction Number [REDACTED]

Dear Mr. Krauss:

This letter is to confirm the information in our exchange of telephone messages of February 18 and 19, 1998 regarding the application of the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended ("HSR Act") and the rules promulgated thereunder to the acquisition by a subsidiary of [REDACTED] of four [REDACTED] preparation franchises ("New Franchises"). It is our understanding, based upon the facts set forth below, that the acquisition of the New Franchises by [REDACTED] would not be a reportable transaction under the HSR Act and the HSR Rules.

For purposes of this inquiry, we have assumed that [REDACTED] had in excess of \$100 million in sales for the most recent year and the seller of the New Franchises has in excess of \$10 million in sales and assets.

The seller of the New Franchises is the Estate of [REDACTED] which presently owns [REDACTED]. Through a bidding process, the Estate offered for sale all 79 franchises owned. [REDACTED] subsidiary was the successful bidder as to [REDACTED] ("Acquired Franchises") and documents were exchanged between [REDACTED] and the [REDACTED] evidencing the acceptance of the successful bids. [REDACTED] was initially unsuccessful in bidding for the remaining five franchises held by the [REDACTED] and the [REDACTED] made their respective premerger filings under the HSR Act on January 24, 1998, which filings pertained

[REDACTED]

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solely to the acquisition of the Acquired Franchises. On January 30, 1998, early termination of the HSR Act waiting period was granted.

On February 12, 1998, [REDACTED] learned that because of difficulties with the original winning bid, Block's subsidiary had become the winning bidder to acquire the New Franchises. The purchase price for the New Franchises is estimated to be approximately \$2.47 million.

Based on these facts, we understand that the FTC Staff is of the view that no additional HSR filing would be necessary because the Size of Transaction Test would not be satisfied by the acquisition of the New Franchises. We understand that the Staff takes the position that under Rule § 801.13(b), the acquisition of the New Franchises would be analyzed as a separate transaction from the acquisition of the Acquired Franchises, and as such must satisfy the HSR Act's Size of Transaction requirements in order to be reportable under the HSR Act.

Should you have any questions, or if our understanding is incorrect, please contact me at your earliest opportunity. The assistance and guidance that you have provided in this matter are very much appreciated.

Yours very truly,
[REDACTED]

3/4/98

Confirmed w/ unit that acquisition of "new franchises" would be looked at as a separate transaction from previously filed transaction and thresholds would be applicable. If acquisition did not meet size of transaction threshold, then acquisition of the "new franchises" would not be reportable.

[Signature]