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FAX COVER SHEET

TO: Alice Villavicencio

COMPANY NAME: Federal Trade Commission

FROM:

DATE: May 20, 1998

TIME SENDING:

NUMBER OF PAGES (INCLUDING THIS COVER SHEET): 3

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CLIENT #

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May 20, 1998

via Facsimile

Ms. Alice Villavicancio Federal Trade Commission 6th & Pennsylvania Avenue N.W. Washington, D.C. 20580

Re: Size-of-the-Parties Test

Dear Alice:

Pursuant to your request during our phone conversation this afternoon, below is an outline of the hypothetical transaction I presented to you. As I mentioned to you on the phone, my only question is whether the Size-of-the-Parties Test is met in the hypothetical.

Background: • Natural Person A (\$1,000,000 in assets) owns 50% of Corporation (\$5,000,000 in assets).

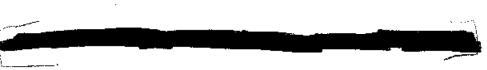
Natural Person B (\$5,000,000 in assets) owns 50% of <u>Corporation</u> (\$5,000,000 in assets) (i.e., "Person B" has \$10,000,000 in assets in the aggregate).

Client has over \$100,000,000 in assets.

Hypothetical: 1. A will purchase B's 50% interest in Corporation for a purchase price of \$8,000,000. (A, however, will not transfer funds to B yet.)

- Immediately after the A and B transaction, Client will purchase A's 100% (x/c) first interest in the Corporation for a purchase price of \$16,000,000. The payment of the purchase price will be as follows:
 - \$8,000,000 wire transfer to A;
 - \$3,000,000 wire transfer to B to satisfy the A/B transaction purchase price.

My specific question is whether the assets of "Person B" (i.e., the aggregate of \underline{B} 's assets and Composition's assets) must be considered when determining whether the Size-of-the-Parties Test is met with respect to <u>Client</u>'s acquisition of 100% of <u>Corporation</u>.



Ms. Alice Villavicencio May 20, 1998 Page -2-

After you have considered the above hypothetical, please call me at you in advance for your assistance.



Sincerely,

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