

(c)(3)



August 27, 1988

VIA FACSIMILE
(202) 326-2624

Ms. Nancy Ovuka
Premerger Notification Office
Federal Trade Commission
Washington, D.C. 20580

Re: Hart-Scott-Rodino Antitrust Improvements Act

Dear Ms. Ovuka:

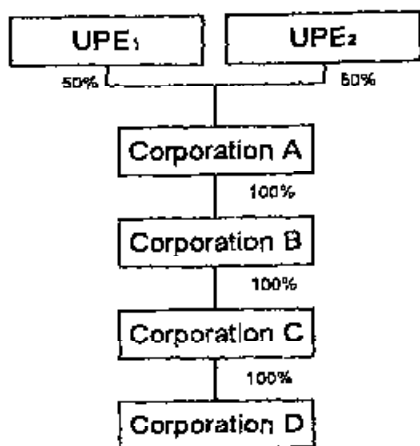
You and I spoke by telephone on Friday afternoon, August 21, 1988. This letter memorializes our conversation.

I described the following situation and asked for your views as a Premerger Office staff member with regard to the need to report this transaction under the Hart-Scott-Rodino Antitrust Improvements Act (the "Act").

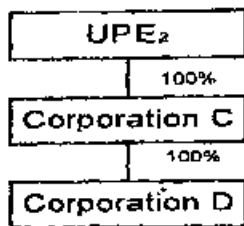
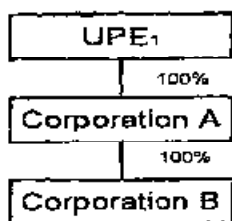
Two natural persons, UPE₁ and UPE₂, are siblings and each owns 50% of the voting stock of the parent company of a corporate group. Both UPE₁ and UPE₂ have total assets in excess of \$100 million. The corporate group of which they are both ultimate parent entities has total assets in excess of \$200 million. The ownership structure can be pictured by the following diagram in which the percentages listed are the percentage ownership of voting stock:



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UPE₁ and UPE₂ plan to split up the single family of corporations into two separately and wholly-owned groups by exchanging voting and non-voting securities so that each will end up with 100% of the voting stock and substantial amounts of the non-voting stock of his or her own separate corporate group but no voting or non-voting stock in the other's corporate group. After the planned split-up, the structure will look like the following diagram:



[REDACTED]

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It is my view, and you concurred on Friday, that while this transaction would not be exempt under 16 C.F. R. § 802.30 (intraperson transaction), it would be exempt under § 7A(c)(3) of the Act. In this regard the structure, and the proposed split-up, are similar to the wrapping up of a corporate joint venture in which 50-50 corporate joint venturers either split-up the joint venture or one venturer acquires the other's entire interest in the joint ventures. In either case, the transaction is viewed by the Premerger staff to be exempt under § 7A(c)(3). While in the case I have described UPE₁ and UPE₂ are natural persons and not corporations, the analysis is essentially the same.

If I have misstated in any way the advice I received, or if the facts I have presented are different from those you understood when we talked on Friday and those differences change your conclusion, please contact me at your earliest convenience.

Sincerely,

[REDACTED]