August 6, 1998

BY TELECOPY TO (202) 326-2624

Thomas Hancock, Esq.
Premerger Notification Office
Bureau of Competition, Room 303
Federal Trade Commission
6th and Pennsylvania Avenue, N.W.
Washington, D.C. 20580

Re: Proposed Transaction

Dear Mr. Hancock:

Attached is a description of a proposed transaction and our understanding of the applicable rules that would govern.

The issues are identical to another transaction discussed in my letter to you dated July 17, 1998, but in this transaction we believe no filing is required.

Please review the enclosed materials and confirm to me if our understanding is correct. I greatly appreciate your assistance in this matter.

Sincerely,

[redacted]

[redacted]
Attachment

[redacted]

TRANSACTION DESCRIPTION

Corporation X was formed for the purpose of acquiring roofing contractors (SIC Code 1761). Corporation X is its own ultimate parent entity and will not have active business operations until acquisitions are made. Corporation X does not have annual net sales or total assets in excess of $10 million.

It is proposed that Corporation X acquire twelve businesses that are owned by twelve different ultimate parent entities. Some of the businesses are conducted in multiple corporations. The consideration for each acquisition will consist of cash and stock in Corporation X.

All acquisitions will occur simultaneously, along with an initial public offering of the stock of Corporation X. The initial public offering is necessary to raise the proceeds to pay the cash portion of the consideration and is a condition to closing the acquisitions. Each of the acquisitions is subject to certain terms and conditions, and it is possible that all twelve businesses may not be acquired by Corporation X.

One condition to closing of each of the acquisitions is that the aggregate sales of the businesses to be acquired be at least a certain amount. If any two of the four largest businesses (by sales) were not acquired, that condition would not be met.

In addition, without the acquisition of the three largest businesses (by sales), Corporation X believes that it would be difficult, if not impossible, to complete the initial public offering of the stock of Corporation X on the terms specified in the acquisition agreements, which initial public offering is a condition to the closing of each of the acquisitions.

Without the largest businesses, the acquisitions will not create a large enough business entity to accomplish the operational and financial objectives of Corporation X, which would also adversely affect the initial public offering. As noted in the August 6, 1998 issue of The Wall Street Journal, the market for initial public offerings has been adversely

affected by the recent declines and volatility in the stock market, and additional adverse effects could prevent the completion of the offering.

Based on the foregoing, it is likely that the transaction will not close unless the three largest businesses are acquired. However, because of market conditions, there is no assurance that the transaction will close even if the three largest businesses are acquired.

It is our understanding that the FTC treats the acquisitions not as a single transaction, but rather as a sequence of transactions with each of the ultimate parent entities. It is also our understanding that the FTC will permit the acquiring entity to determine the sequence of the acquisitions if (a) there is a valid business purpose for the sequence other than the avoidance of filing under the Act or (b) there is a filing under the Act that provides notification of the acquisitions.

Corporation X proposes to sequence the first three acquisitions as follows: Business A, having aggregate annual net sales of approximately $34.5 million; Business B, having a different ultimate parent entity and having annual net sales of approximately $31.1 million; and Business C, having a different ultimate parent entity and having annual net sales of approximately $28.6 million. Neither the ultimate parent entity of Business A, the ultimate parent entity of Business B nor the ultimate parent entity of Business C has annual net sales or total assets of $100 million or more.

Following the acquisition of Business A, Business B and Business C, Corporation X will have annual net sales of approximately $94.2 million. The other nine businesses do not have annual net sales or total assets of $25 million or more.

QUESTION

Will the first three acquisitions (Business A, Business B and Business C) be exempt from the filing requirements under the Act?

OUR UNDERSTANDING

Corporation X has a valid business purpose for making the acquisitions of the largest businesses, in that the transaction will likely not satisfy certain closing conditions (aggregate sales and initial public offering) referenced above without the largest businesses being acquired. Alternatively, if several of the smaller businesses were not acquired, the transaction could still likely close.

It is our understanding that the acquisition of Business A, Business B and Business C would be exempt because, at the time of the respective acquisitions, there is no $100 million person for purposes of Section 7A(a)2 of the Act. It is also our understanding that the acquisition of each of the nine other businesses would be exempt under the minimum dollar value exemption of 16 C.F.R. § 802.20 in that none of those businesses has annual net sales or total assets of $25 million.

AGAIN - ASSUMING EACH IS WITHIN A DIFFERENT PERSON, AND THE CONSIDERATION FACTOR VIS OF EACH IS $15M OR LESS