

(TUE) 7. 6 '99 15:23/ST. 15

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July 6, 1999

VIA FACSIMILE
202-326-2624

Michael Verne, Esq.
Pre-Merger Notification Office
Bureau of Competition
Federal Trade Commission
Room 303
6th Street Pennsylvania Avenue, N.W.
Washington, DC 20580

Dear Mr. Verne:

This letter is being sent to you in connection with a Hart-Scott-Rodino Pre-Merger Notification and Report Form regarding the acquisition by Corporation A of all of the issued and outstanding capital stock of Corporation B, through a merger transaction (the "Merger"). Corporation B is a holding company which owns, as its sole asset, 75 percent of the membership interest in Limited Liability Company X. The other 25 percent membership interest in Limited Liability Company X is owned by Corporation Y, a subsidiary of Corporation A.

Pursuant to the Merger, a wholly owned subsidiary of Corporation A will be merged with and into Corporation B, with Corporation B surviving as a wholly owned subsidiary of Corporation A. As consideration for the Merger (the "Merger Consideration"), the shareholders of Corporation B will receive shares of stock of Corporation A having a value of \$48 million. If certain financial targets are met during the time period between the years 2000 - 2004, the Merger Consideration will be increased to \$80 million.

There are 5 shareholders of Corporation B, 3 of whom own 26% percent of Corporation B's stock each (each a "Significant Shareholder"), and 2 of whom own 10 percent of Corporation B's stock each (each a "Ten Percent Shareholder"). We believe that none of the shareholders of Corporation B are required to file a Hart-Scott-Rodino Pre-Merger Notification and Report Form in connection with their acquisition of the stock of Corporation A through the Merger for the

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reasons stated below and seek confirmation of this conclusion from your office at your earliest convenience.

Significant Shareholders

Assuming that each Significant Shareholder meets the threshold reporting levels of the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (the "Act"), such Significant Shareholder will be exempt from the Act's requirements under Section 802.9 of the Act's regulations. We believe that each Significant Shareholder is acquiring his shares of the stock of Corporation A through the Merger solely for the purpose of investment, as such phrase is used in Section 802.9, and that, as a result of the Merger, such Significant Shareholder will hold less than 1 percent of Corporation A's outstanding voting securities. In support of this claim for exemption, the following facts should be considered:

1. No Significant Shareholder will be a director or officer of Corporation A or have any involvement of any kind, or intend to participate, in the management of Corporation A's business;
2. After the consummation of the Merger, although each Significant Shareholder will be involved in the day to day operation of Limited Liability Company X's business, no Significant Shareholder will be a manager of Limited Liability Company X; and
3. Limited Liability Company X is not a significant asset of Corporation A in terms of the size and scope of their respective operations; (a) Corporation A's and Limited Liability Company X's net sales for 1998 were \$4,345,000,000 and \$105,535,527, respectively; (b) Corporation A's and Limited Liability Company X's total assets as of December 31, 1998 were \$5,167,350,000 and \$46,624,468, respectively; and (c) at a Merger Consideration of \$80 million, as a result of the Merger each Significant Shareholder will end up owning only 0.22% of Corporation A's outstanding voting securities.

Ten Percent Shareholders

No Ten Percent Shareholder will be required to file a Hart-Scott-Rodino Pre-Merger Notification and Report Form since no Ten Percent Shareholder will acquire shares of stock of Corporation A in excess of \$15 million or which constitute more than 1% of Corporation A's outstanding voting securities. Thus, each Ten Percent shareholder will not meet the Act's threshold reporting levels.

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For the reasons stated above, we believe that none of the shareholders of Corporation B is required to file a Hart-Scott-Rodino Pre-Merger Notification and Report Form in connection with the shares of stock of Corporation A to be received by him in the Merger. Please contact me at your earliest convenience with any questions or comments you have regarding the matters raised in this letter.

Very truly yours,

[Redacted signature block]

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AGREE THAT NONE OF THE SIGNIFICANT
SHAREHOLDERS ARE REQUIRED TO FILE.

Michael Verne
7/8/99