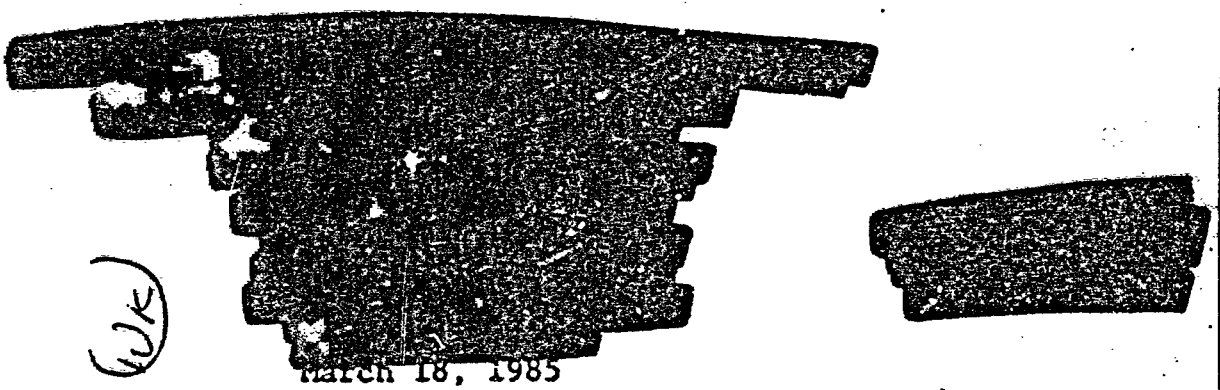

March 18, 1985

This material may be subject to
the confidentiality provision of
Section 7A
of the

HAND DELIVERY

Wayne Kaplan
eral Trade Commission
m 301
Building
and Pennsylvania Ave., N.W.
hington, D.C. 20580

Re: Interpretation of "Control" and Calculation of "Total Assets" under the Pre-Merger Notification Regulations

r Mr. Kaplan:

This will confirm our telephone conversation of March 15, 5 concerning the applicability of the Hart-Scott-Rodino itrust Improvements Act of 1976, Section 7A of the Clayton Act, U.S.C. §18a (the "Act"), and the regulations promulgated ler the Act, 16 C.F.R. Parts 801, 802 and 803 (the "Regulations"), leveraged buy-outs.

As I explained to you, the subject transaction involves the uisition of all of the stock of a corporation engaged in the iness of distributing electrical products (the "Acquired ity"). Since the Acquired Entity is a second-tier subsidiary a multi-billion dollar conglomerate, the "acquired person" the subject transaction will have assets and sales in excess $100,000,000.

All of the stock in the Acquired Entity will be acquired a corporation (the "Acquiring Entity") recently formed for the pose of effecting the subject transaction. The stock of e Acquiring Entity will be owned entirely by a recently-formed ding company (the "Holding Company"). Substantially all of the ock in the Holding Company will be owned by a recently-formed limited

artnership (the "Limited Partnership"); a small percentage of he stock in the Holding Company will be offered to two ndividuals presently serving as executive officers of the cquired Entity. Both the sole general partner and the limited artner of the Limited Partnership will be individuals, neither f whom presently is involved in the business of distributing lectrical products.

The financing for the subject transaction will be provided y two institutional lenders, who have committed to loan the cquisition funds to the Holding Company and to the surviving ntity of a merger between the Acquiring Entity and the Acquired ntity.

We have determined that the subject transaction, as described bove, is exempt from the filing requirements of the Act and the egulations. In part, our determination is based upon FTC staff's nterpretations of certain provisions of the Regulations of which e have been advised by you, as follows:

1. We understand that, for purposes of determining the identity of the "acquiring person" and the "acquired person" in a merger or acquisition transaction, both the FTC and the Department of Justice interpret Section 801.1(b) of the Regulations such that a limited partnership cannot be "controlled by" another entity and therefore will always be considered the "ultimate parent entity" in a merger or acquisition transaction in which the limited partnership, or an entity it controls, is involved; and

2. We understand that, for purposes of determining the "total assets" of the "acquiring person" in a merger or acquisition transaction, both the FTC and the Department of Justice will exclude from the calculation of the "total assets" of a "newly-formed" entity (e.g., an entity formed in 1985 and therefore not having any regularly prepared balance sheet or income statement) money (i.e., cash or its equivalent) contributed to or borrowed by or on behalf of the "newly-formed" entity and used by that entity in making one acquisition.

[redacted]

Wayne Kaplan
ch 18, 1985
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HAND DELIVERY

I would appreciate your reviewing this letter at your liest convenience and contacting me if we are incorrect our understanding of FTC staff's interpretations, as described ve.

Thank you for your attention to this matter.

Very truly yours,

[redacted]

[redacted]

I notified [redacted] on 3/18/85 that the letter is accurate as far as it goes. In addition there must not be any intent to structure the transaction to avoid a filing (i.e. § 801.90 avoidance).