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802.63

June 19, 2000

VIA FACSIMILE

Mike Vern, Esquire
Premerger Notification Office, H-303
Federal Trade Commission
Washington, DC 20580

**Re: Confirmation of Telephone Call Regarding Sale-Leaseback Transaction -
Exemption from Hart-Scott-Rodino Filing**

Dear Mr. Vern:

Thank you for taking the time to speak with [redacted] and me last week regarding the regulations governing the circumstances under which Hart-Scott-Rodino filings are required. As I told you, our client (the "Buyer") is contemplating a transaction whereby it will acquire approximately 40 gas stations that will become the object of a second transaction consisting of a sale and leaseback of the real estate portion of the original gas station purchase. The specifics of the transactions are as follows.

In the first transaction, the Buyer intends to purchase approximately 40 gas stations from the Seller. The purchase of these stations will consist of the acquisition of the real estate (both fee and leasehold), and also the equipment and inventory (gasoline, foodstuffs, etc.) that comprise the 40 gas stations. The purchase price for the real estate is approximately Thirty Million Three Hundred Eighty-One Thousand Dollars (\$30,381,000). A formula for determining the purchase price for the equipment and inventory is provided in the Purchase and Sale Agreement, and it is estimated that the equipment and the inventory will be valued at approximately One Million Five Hundred Thousand Dollars (\$1,500,000). An addendum to the Purchase and Sale Agreement provides that the Buyer can direct the Seller to title the deeds conveying the real estate or assigning any lease of real estate to the third party financing intermediary (the "Financing Intermediary") as either a grantee or an assignee. Proceeds from the sale and leaseback transaction with the Financing Intermediary will be used by Buyer to pay Seller the aggregate purchase price.

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[redacted]

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By separate Agreement, Buyer has agreed to enter into a sale and leaseback of the real estate (fee and leasehold) purchased from the Seller in the first transaction. Under its Agreement with the Financing Intermediary, the Buyer will agree to sell the real estate to the Financing Intermediary for a price of approximately Thirty-Four Million Dollars (\$34,000,000). The Financing Intermediary will then immediately lease (or sublease) the real estate back to the Buyer and the Buyer will maintain, operate and manage the gas stations - including the real estate, equipment and inventory. It is contemplated that the transaction between the Buyer and Financing Intermediary will close on the same day as the first transaction between the Buyer and the Seller.

Simply put, the Buyer will never take title to the real estate but will direct that the real estate be put in the Financing Intermediary's name. The Financing Intermediary will receive a return on its investment through the lease payments made by the Buyer after the sale and leaseback transaction has been consummated.

In response to our explanation of these related transactions, you advised us by telephone on June 15, 2000, that a Hart-Scott-Rodino filing will not be required in connection with the above-described transactions. If we have misunderstood your interpretation, please advise us immediately.

Thank you again for all of your help. If you have any question, do not hesitate to contact me at [REDACTED]

Very truly yours,
[REDACTED]

AGREE. THIS IS NON-REPORTABLE. BUYER NEVER TAKES BENEFICIAL OWNERSHIP OF THE REAL PROPERTY. THE SALE-LEASE BACK ARRANGEMENT WITH THE FINANCIAL INSTITUTION IS ALSO NON-REPORTABLE.

B. Michael Vern
6/20/00