

3/1

Newly formed

~ U \$30 MM ~

\* Newly formed corp.

2 MM equity

(borrow bank

B \$100 MM

13 bank loan

\$21 MM

6 preferred

Assets

\$21 MM

Newly formed corp w/ no bal sheet  
dn meet SOP, no need to  
report no other UPE

17

*newly formed corp.*

March 4, 1983

This material may be subject to the confidentiality provisions of Section 7A (a) of the Clayton Act which restricts release under the Freedom of Information Act

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FEDERAL TRADE COMMISSION  
PREMERGER NOTIFICATION OFFICE

Ms. Patricia Foster  
Premerger Notification Office  
Federal Trade Commission  
Room 301  
7th Street and Pennsylvania Avenue  
Washington, D. C. 20580

Dear Ms. Foster:

In accordance with our telephone conversation of March 2, 1983, your confirmation that the transaction described below would not be subject to the premerger notification requirements of the Hart-Scott-Rodino Antitrust Improvements Act of 1976 is requested. The proposed transaction consists of the purchase of assets valued at more than \$15 million from an entity with total assets exceeding \$100 million by a newly formed corporation. Prior to the acquisition, the newly formed corporation will borrow up to \$14 million from an unrelated financial institution, will have approximately \$500,000 in equity from private investors and will have no other assets. \$12 million of the loan proceeds will be used by the newly formed corporation to effect the acquisition which is the subject of this inquiry.

Ms. Patricia Foster, p. 2

It is my understanding that the proposed transaction would be exempt under the Federal Trade Commission's "netting out" rule; i.e., that the \$12 million in loan proceeds used to acquire the assets would be netted out for the purposes of the size determination of the newly formed corporation. Accordingly, under these facts, the newly formed corporation would be treated as having assets of only \$2.5 million and the transaction would be below the jurisdictional threshold. Kindly confirm your agreement with this analysis.

Please do not hesitate to contact me if you have any questions or require any additional information. In the event I am unavailable, you may contact my associate, \_\_\_\_\_, who is fully familiar with the proposed transaction.

Thank you for your assistance.