

(PS)

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[REDACTED]

[REDACTED]

December 21, 1983

Mr. Patrick Sharp
Premerger Notification Office
Bureau of Competition
Room 301
Federal Trade Commission
Washington, D. C. 20580

Dear Patrick:

This will confirm our telephone discussion on December 21 in which I raised a question about the appropriate method of handling the assumption of a lease obligation under the Hart-Scott-Rodino Act. The fact situation I presented to you is as follows. Assume that Company A has entered into an agreement to purchase from Company B all of the fixtures and other equipment in two store buildings. Assume further that at this time Company B leases the store buildings from Landlord, an independent party, and the annual rental is \$500,000 per store, with four years of the lease term yet to run. Also assume that Company A agrees with Company B to assume its obligations under the leases, and that pursuant thereto Company A will thereafter make rental payments direct to Landlord. However, Company A will make no payment to Company B with respect to the leases. In other words, Company A is not paying to Company B a "premium" because it is able to assume a favorable lease.

In our telephone discussion, you advised me that since there was no payment running from Company A to Company B as to the leases that for purposes of the Hart-Scott-Rodino Act the leases referred to in the above example would be valued at zero. That being the case, the fair market value of the fixtures and other equipment acquired by A from B would represent the total value of the transaction. In other words, if the fair market value of said assets is less than \$15 million, there would be no requirement to report this asset acquisition under the Hart-Scott-Rodino Act.

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I appreciate your discussing this question with me. If this letter does not fairly and accurately reflect our discussion, I would appreciate your advice at a very early date.

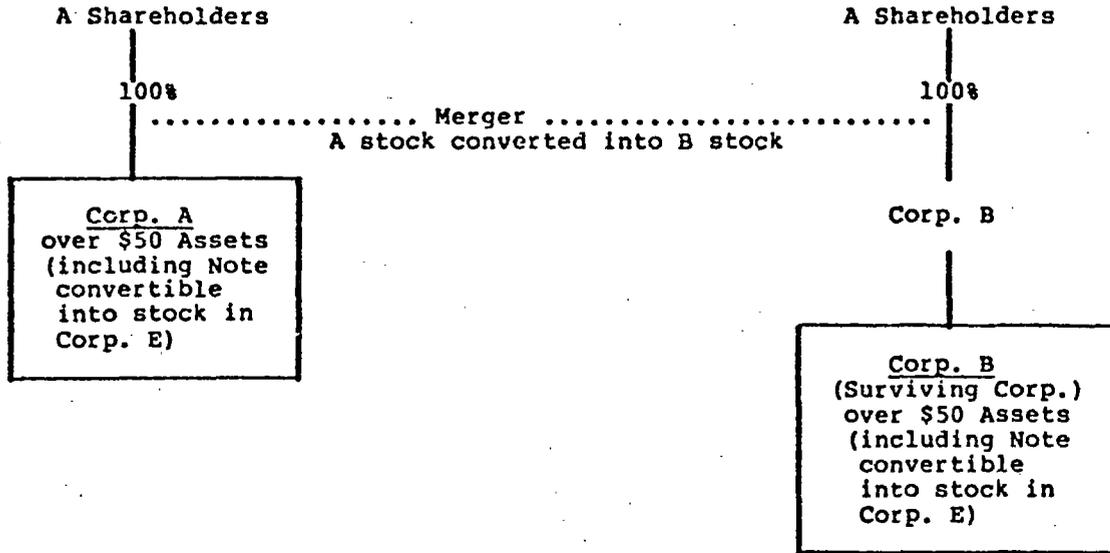
Sincerely yours,

[REDACTED]

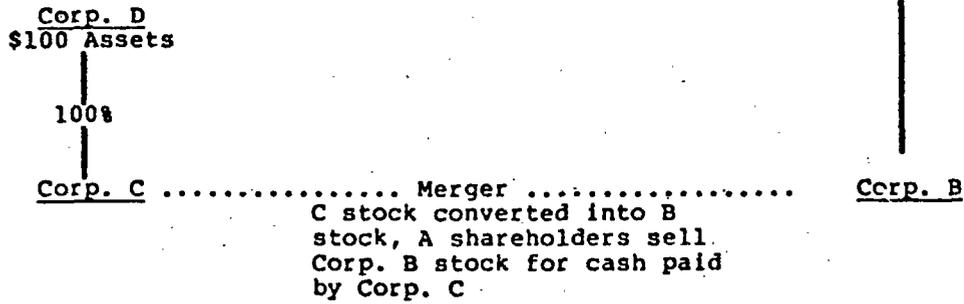
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STEP 1

(\$ in Millions)



STEP 2



RESULT

