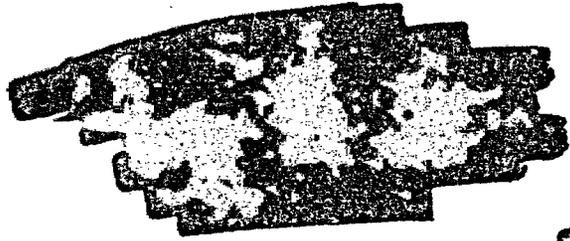


(AS)

*Lula*



July 8, 1985

BY HAND

This material may be subject to the confidentiality provision of Section 801.11 of the FTC Staff's Pass-Through Rule regarding its purchase of the five subsidiaries.

Andrew Scanlon, Esquire  
Hart-Scott-Rodino Office  
Room 301  
Federal Trade Commission  
6th and Pennsylvania  
Washington, D.C. 20580

Dear Mr. Scanlon:

This is to confirm our conversation today in which you agreed that a Hart-Scott-Rodino filing need not be made in the following situation: Corporation A has been formed by five individuals, each of which owns 20% of A. A was formed for the purpose of acquiring five subsidiary corporations from corporation B, which has over \$100,000,000 in sales or assets. A will pay B \$25,000,000 in cash and notes for the five subsidiaries and will assume certain liabilities. Corporation A will borrow \$15,000,000 to make the down payment on the five subsidiaries and will sign a promissory note for \$10,000,000. Either before or after the acquisition, corporation A will obtain less than \$10,000,000 for working capital as a loan or a line of credit, or a combination of both. Corporation A will have no assets at the time of the acquisition of the five subsidiaries other than possibly the line of credit or loan for working capital.

In our conversation, you confirmed my conclusion that the formation of corporation A is exempt from section 801.40 (Final FTC Rules on Hart-Scott-Rodino, 43 Fed. Reg. 33450 (1978)) and that corporation A does not meet the size of person requirements of the Hart-Scott-Rodino Act pursuant to section 801.11 and the FTC staff's pass-through rule regarding its purchase of the five subsidiaries.

I understand that you will call me immediately if you disagree with my conclusion that a Hart-Scott-Rodino Notification

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*Not Reportable*  
*Correct*

Andrew Scanlon, Esquire  
Hart-Scott-Rodino Office  
July 8, 1985  
Page 2

and Report Form need not be filed for the above described trans-  
action. I will assume that you agree with my conclusion if I  
have not heard from you by Thursday, July 11, 1985.

Thank you very much.

Sincerely,

