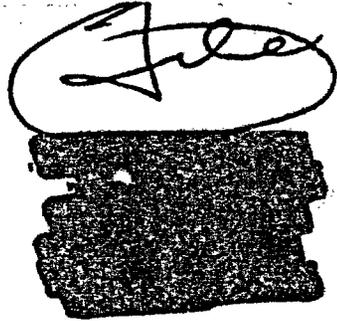


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July 24, 1985

Mr. Andrew Scanlon
Compliance Specialist
Federal Trade Commission
Premerger Notification Office
Room 309
Sixth Street and Pennsylvania
Washington, D.C. 20580

This material may be subject to
the confidentiality provision of
Section 7(d) of the Clayton Act
which requires a release under the
Freedom of Information Act
Washington, N.W.

OK
Oval
7/25/85

Dear Mr. Scanlon:

This is to confirm our conversation today regarding the requirements of Section 7A of the Clayton Act ("Act"), 15 U.S.C. 18a, and the regulations thereunder ("Regulations") with respect to the acquisition of voting securities described below.

The proposed acquisition involves an acquired person with assets in excess of \$100,000,000 and an acquiring person with assets in excess of \$10,000,000. In 1980, in connection with the acquisition of 24% of the voting securities of the acquired person ("Stock A"), the acquiring person filed a Notice of Acquisition of Control with the Federal Deposit Insurance Corporation ("FDIC") pursuant to the Change in Bank Control Act, 12 U.S.C. 1817(j). The FDIC did not disapprove the transaction. Including Stock A, the acquiring person holds 45% of the outstanding voting securities of the acquired person and proposes to acquire an additional 5% of such securities. The acquiring person holds no assets of the acquired person.

Section 802.20 of the Regulations provides that an acquisition which satisfies Section 7A(a)(3)(A) of the Act, but not Section 7A(a)(3)(B) ("as a result of the acquisition" the acquiring person would hold an aggregate total amount of the voting securities and assets of the acquired person in excess of \$15 million), will be exempt from the requirements of the Act if, "as a result of the acquisition," the acquiring person would not hold (a) assets of the acquired person valued at more than \$15 million or (b) voting securities which confer control of an issuer which, together with all entities which it controls, has annual net sales or total assets of \$25 million or more. Pursuant to Section 801.1(b) of the Regulations, ownership of 50%

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of the outstanding voting securities of an issuer constitutes control. Thus, the question presented is whether or not Stock A would be deemed to be held "as a result of the acquisition." If the Regulations exclude Stock A, the acquiring person would not hold (a) an aggregate total amount of voting securities of the acquired person in excess of \$15 million (Section 7A(a)(3)(B) of the Act) or (b) voting securities which confer control of the issuer. As a result, pursuant to section 802.20, the proposed acquisition would be exempt from the requirements of the Act.

Section 801.14 of the Regulations provides that, for purposes of Section 7A(a)(3)(B) of the Act, the aggregate total amount of voting securities shall be the value of all voting securities of the acquired person which the acquiring person would hold as a result of the acquisition, determined in accordance with section 801.13(a). Section 801.13(a) provides that, subject to the provisions of section 801.15, all voting securities of the issuer which will be held by the acquiring person after the consummation of an acquisition shall be deemed voting securities held "as a result of the acquisition." Section 801.15 of the Regulations provides that:

Notwithstanding section 801.13, for purposes of section 7A(a)(3) (premerger notification filing criteria) and section 801.1(h) (notification thresholds), none of the following will be held as a result of an acquisition:

(a) Assets or voting securities the acquisition of which was exempt at the time of acquisition (or would have been exempt, had the act and these rules been in effect), or the present acquisition of which is exempt, under -

(2) Sections . . . 802.8 . . .

(emphasis added)

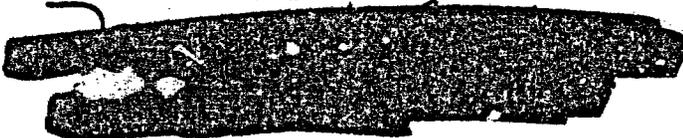
Section 802.8(b)(1) of the Regulations exempts acquisitions which require agency approval under 12 U.S.C. 1817(j) (Stock A).

You agreed with me that the proposed acquisition meets the criteria of section 802.20 of the Regulations because the provisions of sections 801.13, 801.14, 801.15 and 802.8 of the Regulations exclude Stock A from the voting securities held "as a result of the acquisition." Accordingly, the proposed transaction is exempt from the requirements of the Act.

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I will call you on Monday, July 29th, to confirm that the foregoing summary of our discussion is correct. Thank you for your assistance.

Very truly yours,

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Enclosure

A long, dark, rectangular redacted area, likely covering the word "Enclosure".