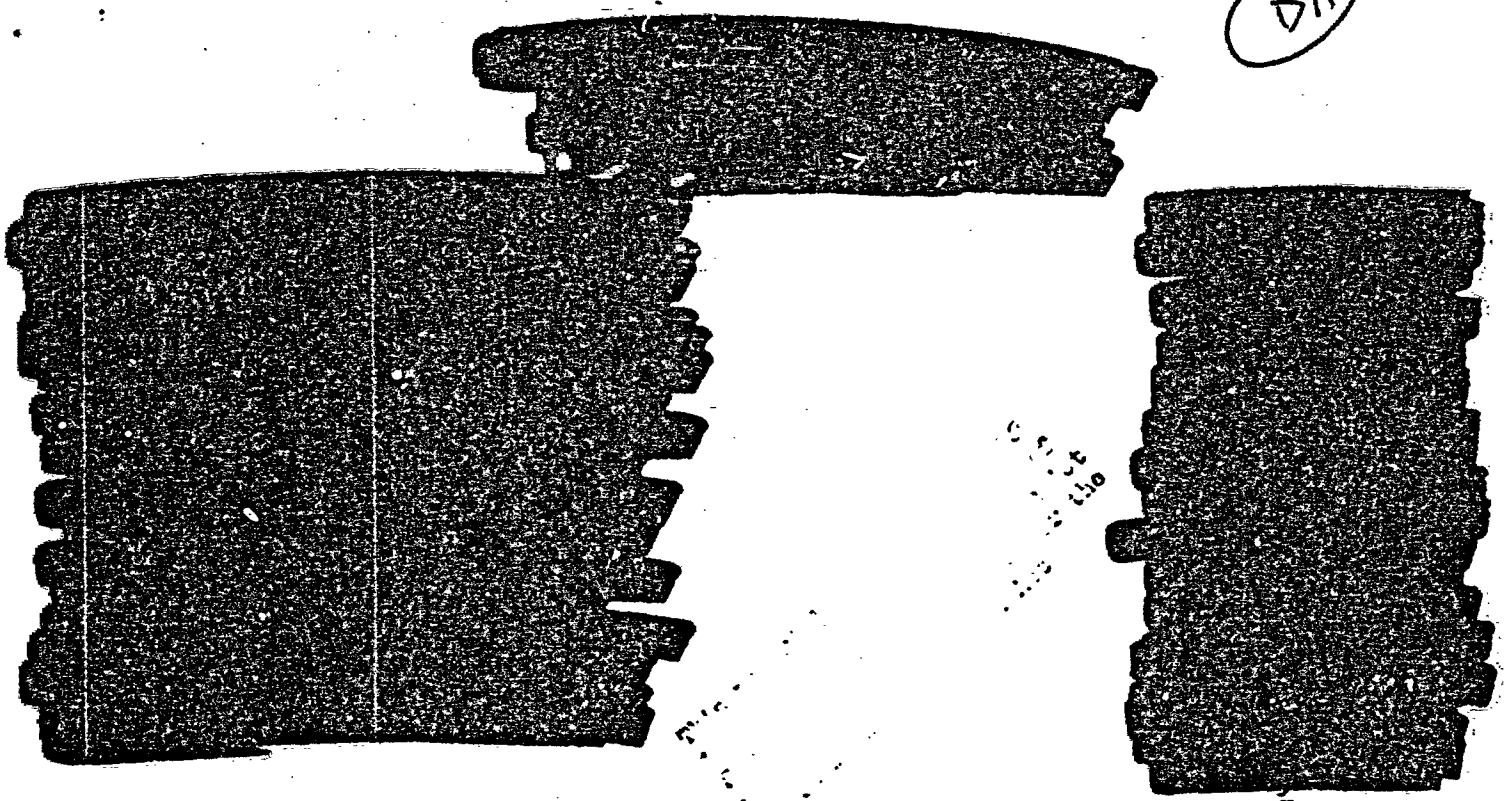

November 22, 1985

Dear Dana:

The purpose of this letter is to provide a fuller description of the transaction that we discussed yesterday so that we can determine whether or not it is required to be reported under the Hart-Scott-Rodino Act.

The transaction is as follows: Our client, Company A, is a $100 million person within the meaning of the Hart-Scott-Rodino rules. It proposes to acquire all of the assets of Partnership B, a $10 million person. The acquisition would be made by acquiring all of the shares of Company X, which holds the general partnership interest of Partnership B, and acquiring the interests of the five limited partners of Partnership B. Company Y owns 100% of the shares of Company X; five separate corporations controlled by Company Y hold the five limited partnership interests. The total consideration for the acquisition would be approximately $28 million; of this amount, $2 million would be paid to acquire 100% of the voting securities of Company X, and $26 million would be paid to acquire the five limited partnership interests from Company Y.

Based on our past conversations, it is my understanding that the Premerger Notification Office, as a general proposition, has taken the position that an acquisition of substantially all of the partnership interests of a partnership will be viewed as an acquisition of the assets of the partnership itself, and the partnership will be treated as the acquired person. Thus, if the acquiring person has more than $100 million in sales or assets and the partnership has more than $10 million in partnership assets, the transaction will be reportable if 100% of the partnership assets are acquired and those assets are valued in excess of $15 million.

The transaction that you and I discussed departs from this paradigm, however, in at least one significant respect. This is because it consists of two separate acquisitions -- an acquisition of voting securities (which, when separately analyzed, should be an exempt transaction) and an acquisition of limited partnership interests representing 70% of the partnership (which would also appear to be exempt).

The acquisition of the general partnership interest is, for Hart-Scott-Rodino purposes, an acquisition of voting securities. In our situation, the voting securities are valued at approximately $2 million, and I am informed that the issuer does not have sales or assets in excess of $25 million. Viewed strictly as an acquisition of voting securities, the acquisition of the general partnership interest should be an exempt transaction. The general partnership interest represents a 30% interest in the partnership.

The second transaction represents the acquisition of the limited partnership interests, which constitute the remaining 70% of the partnership. Ordinarily, acquisitions of less than all of the partnership interests are exempt, since the partnership interests are not considered either "voting securities" or "assets" for Hart-Scott-Rodino purposes. The transaction would thus be analyzed as the dissolution and reformation of a partnership, and under the Hart-Scott-Rodino rules, the formation of joint ventures in partnership form is exempt.

I should point out that Partnership B has been in existence since June, 1983, and the decision

to hold the general partnership interest in a separately created corporation was made for legitimate tax reasons rather than a desire to avoid Hart-Scott-Rodino reporting obligations in the event the partnership was later sold.

I would appreciate it if you would let me know your view of this transaction after you have had an opportunity to consult with your colleagues.

Thank you for your kind cooperation.

Sincerely,

[redacted]

Dana Abrahamsen, Esq.
Premerger Notification Office
Bureau of Competition - Room 301
Federal Trade Commission
Washington, D. C. 20580

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