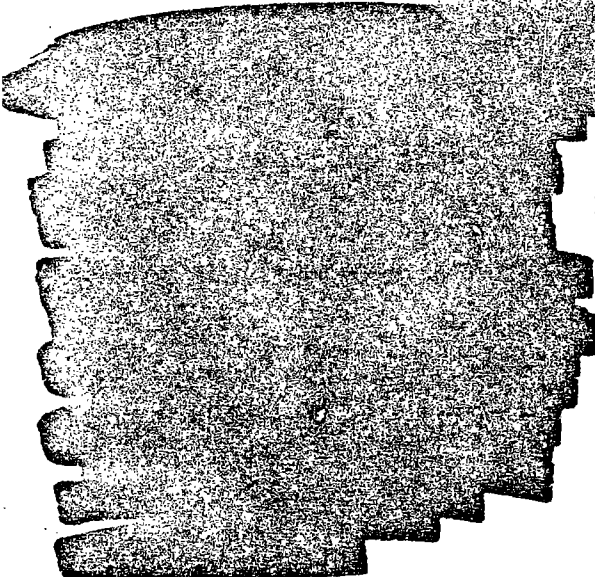
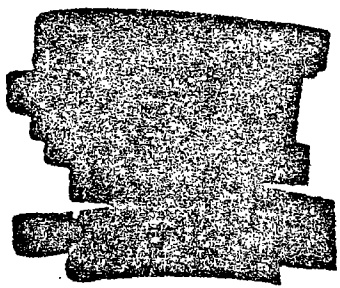


December 26, 1985



Mr. Patrick Sharpe
Compliance Specialist
Pre Merger Notification
Bureau of Competition
Federal Trade Commission
6th Street and Pennsylvania Avenue, N.W.
Room 303
Washington, D.C. 20580

Dear Mr. Sharpe:

As we discussed on the telephone today, this office represents a finance/leasing company ("A Company"), which is a wholly-owned subsidiary of a company engaged primarily in manufacturing. A Company's assets consist of its interests as a lender or a lessor in various financing/leasing transactions which total in excess of \$1 billion. The assets subject to these financing/leasing transactions, all of which were entered into in A Company's ordinary course of business, vary widely and include vehicles, aircraft, computers and related and other equipment. A Company is a reporting company under the Securities and Exchange Act of 1934.

A Company proposes to acquire from another company ("B Company") certain items of equipment which B Company presently leases to others pursuant to existing lease financing transactions. B Company is a wholly-owned subsidiary of a state chartered savings and loan association whose accounts are insured


[REDACTED]

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by the F.S.L.I.C., and which is, in turn, a wholly-owned subsidiary of a savings and loan holding company subject to regulation by the F.H.L.B.B. and the reporting requirements of the Securities and Exchange Act of 1934. B Company's assets consist entirely of its interests as an owner/lessor of various items of equipment which total approximately \$150 million. The assets subject to these lease financing transactions include vehicles, aircraft, computers and related and other equipment. B Company entered into these lease financing transactions in the ordinary course of its business.

The transaction between A Company and B Company will take the following basic form:

1. B Company will transfer to A Company its interests in the items of equipment ("Equipment") subject to the existing leases therefor ("Subleases") in consideration for approximately \$80 million.
2. The Equipment and Subleases being transferred to A Company by B Company represent approximately 50% of the assets of B Company.
3. A Company will lease the Equipment back to B Company, subject to the existing Subleases.
4. B Company's obligations to pay rent to A Company will be secured by B Company's interests in the Subleases for the Equipment.
5. The Equipment subject to the sale/leaseback transaction between A Company and B Company includes vehicles, railroad railcars, a chemical plant facility, a large printing press, the office furniture and equipment used by a national telecommunications company, automatic teller machines and motor homes and related items of equipment.
6. With respect to two of the Subleases, letters of credit issued by banks to support the rental obligations of the Sublessees to B Company will be amended to reflect A Company as beneficiary thereunder.


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7. With respect to at least two of the Subleases, guaranties issued by the parent corporation of the present Sublessees to support the rental obligations to B Company have been assigned to A Company.

8. B Company's rental obligations to A Company will be supported by a guaranty from its ultimate parent corporation and a "keepwell" agreement from its immediate parent corporation.

9. B Company will have the option to repurchase the Equipment upon specified terms and conditions during the term of the lease from A Company to B Company.

10. No other federal or state regulatory approval is required to consummate the proposed transaction.

Neither A Company nor B Company is engaged in manufacturing; both are engaged solely in the business of equipment financing. The assets of A Company and the assets of B Company exceed \$100,000,000, but, as noted above, these assets consist entirely (excluding their own incidental operating equipment and facilities) of creditor or lessor interests in financing transactions.

The parties need to close this transaction on December 31, 1985. You have agreed to let me know within 24 to 48 hours of your receipt of this letter whether the parties and the transaction are subject to the premerger notification requirements of the Hart-Scott-Rodino Antitrust Improvements Act of 1976 and the rules and regulations thereunder. Specifically, we would also like to know whether the proposed transaction is exempt from the reporting requirements by reason of section 802.63 of the Federal Trade Commission Regulations.

802.63 should be read in conjunction with Section 7A(c)(11), acquisitions solely for the purpose of investment by any bank, trust company, investment company or insurance company. Because the UPE of A, the acquiring company is a manufacturing operation, this transaction cannot be exempt under 802.63.

Andy concurs

Dana Dana concurs (with additional comment)

[REDACTED]

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If you need any additional information, please call me collect. Your prompt attention to this matter is appreciated.

Sincerely,

[REDACTED]

[REDACTED]

§ 902.63 exempts acquisitions by creditors and insurers in the course of business and should be read in conjunction with (all acquisitions by banks, trusts, investment companies and insurance companies)

The fact that the parent of A is a manufacturing operation primarily would take it out of § 902.63.

DA indicated that for the transaction to be exempt the primary interest in the transaction would be financial or the intent would be bonafide credit transaction, Not an expansion of the leasing business,

called [redacted] 12-30-85
and explained our position —
transaction not exempt
Patrick