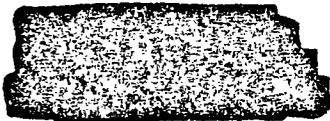
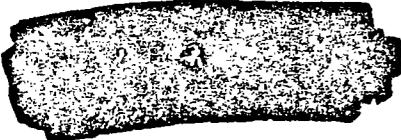
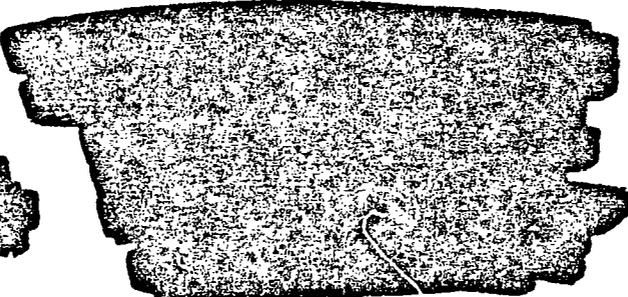


(VH)



August 1, 1986

Linda A. Heban
Federal Trade Commission
6th Street and Pennsylvania Avenue, N.W.
Room 312
Washington, D.C. 20580

Material not to be subject to
the Freedom of Information Act
Section 552(b)(7)(C) - Exemption
from disclosure of information
relating to internal security
of the United States

100-111111
100-111111

Dear Linda:

I am writing to confirm our telephone conversation yesterday afternoon regarding the Federal Trade Commission staff's informal interpretation of Title II of the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (the "Act"), 15 U.S.C. §18a, and the rules promulgated thereunder by the Commission as applied to the following circumstances.

X Corporation proposes to acquire 100% of the voting securities of A Corporation. X and A are both ultimate parent entities. A presently holds 50% of the voting securities of B Corporation and 80% of the voting securities of C Corporation. X will also acquire the 50% of the voting securities of B not now held by A. X will not acquire the voting securities of C. A will distribute the voting securities of C to A's present shareholders before X's acquisition of A and B. Thus, upon the consummation of X's acquisition of A and B, neither X nor A will hold any of C's voting securities. A, B and C maintain separate financial statements. A's most recent regularly prepared balance sheet and annual statement of income and expense do not include the assets and sales of B or C.

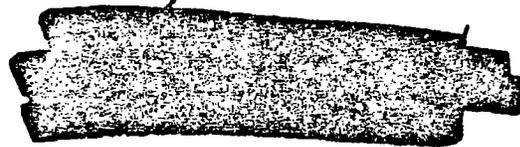
Because B will be included within A at the consummation of the acquisition, Rule 801.11(b)(1) requires that A's assets and sales be recomputed to include the nonduplicative assets and sales of B for purposes of determining the size-of-person of A and the size-of-transaction under Rule 802.20(b). The question I posed to the Premerger Notification Office was whether the recomputation of A's sales and assets must also include the sales and assets of C, even though C will not be part of A at the time the acquisition is consummated

and X will not be acquiring any of C's voting securities. I noted that because compliance with the Act is determined at the time an acquisition is consummated and because A's assets and sales must be recomputed, logic would dictate that C's assets and sales not be included in the recomputation.

After discussing this question with the other attorneys in the Premerger Notification Office, you stated that you agreed that C's sales and assets should not be considered in determining A's size-of-person or the size-of-transaction under Rule 802.20(b).

Please contact me with any questions or comments on the contents of this letter.

Sincerely,



*Okay upon later
review.
W EK 3/27/87*