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Jeffrey Kaplan, Esq.
Staff Attorney
Premerger Notification Office
Room 303
Federal Trade Commission
6th Street and Pennsylvania Avenue, N.W.
Washington, D.C. 20580

Jun 22 10 49 AM '88

Dear Mr. Kaplan:

Pursuant to your telephone conversation yesterday with my colleague [redacted] I am writing to request your confirmation that the following transaction does not meet the "size of transaction test" under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "Act").

\$7.0M

The transaction involves a sale by the Seller of the assets of its travel business to the Buyer. The purchase price to be paid to the Buyer includes \$5 million in cash and an assumption of certain liabilities of the Seller. In addition, the Buyer will pay the Seller \$2 million in cash as consideration for the Seller's agreement not to compete. The aggregate amount of liabilities to be assumed by the Seller is approximately \$10 million, of which \$7 million represents the Seller's obligation to provide tours and related services to its customers. The assets being transferred to the Buyer include approximately \$7 million in cash which represents the deposits and partial payments received by the Seller with respect to the aforesaid tours and services.

We believe that the foregoing transaction does not meet the "size of transaction test" since under Rule 801.21

promulgated under the Act the approximately \$7 million of cash included in the assets being sold to the Buyer would not be included in such assets for purposes of determining whether the \$15 million threshold under Section 7A(a)(3) of the Act is met. Accordingly, we believe that the transaction is viewed under the Act as having a value of less than \$15 million and therefore no Promerger Notification and Report Form is required with respect to this transaction.

Although the foregoing sets forth the essence of the transaction, for tax reasons, the transaction may be structured slightly differently but will involve the same amount of liabilities being assumed and the same amount of assets being transferred. The transaction may be structured so that simultaneously with the closing the Buyer will enter into a separate agreement with the Seller pursuant to which the Seller will pay the Buyer \$7 million in cash and the Buyer will agree to provide the aforesaid tours and related services (which is estimated to cost the Buyer approximately \$7 million to provide). In order that the economics of transaction remain as agreed by the parties, under this structure the Buyer will pay the Seller \$12 million for the assets (e.g., the original \$5 million agreed by the parties plus the \$7 million received by the Buyer under the separate agreement described above), which assets will include the approximately \$7 million of tour deposits and partial payments (as discussed above, the Buyer will also pay Seller \$2 million for the Seller's agreement not to compete). Since the Buyer will be assuming the \$7 million liability to provide the tours and services by way of the aforesaid separate agreement, the purchase price to be paid for the assets under the Assets Purchase Agreement will not include the assumption by the Buyer of such \$7 million of liabilities. Although the alternative structure of the transaction is more complicated, the economics remain identical to those set forth in the transaction described in the second paragraph of this letter (e.g., \$5 million for the assets, including the \$7 million of cash for the tour deposits and payments; \$2 million for the non-compete and \$10 million of assumed liabilities including \$7 million with respect to the tours and related services). Accordingly, for the reasons stated above we believe that under this alternate structure no Promerger Notification and Report Form is required to be filed under the Act with respect to this transaction.

I would appreciate it if you could telephone me as soon as possible to let me know your thoughts on this matter.

[REDACTED]

Jeffrey Kaplan, Esq.

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I realize that you are very busy; however the Buyer and Seller are anxious to close the transaction as quickly as possible. I appreciate your help with this matter.

Sincerely yours,
[REDACTED]

By Telecopier and Hand
Federal Express