

801.11

[REDACTED]

NOT REPORTABLE -

Acquirer may rely
in that regard on
prepared balance
sheet need not
add on the new
equity to its assets

July 28, 1989

[REDACTED]

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Premerger Notification Office
Bureau of Competition
Room 303
Federal Trade Commission
Washington, D.C. 20580

Attn: Mr. Victor Cohen

Re: [REDACTED]

The receipt of this document is hereby acknowledged by the recipient of the document. The receipt is valid for the purpose of the Federal Trade Commission Act.

JUL 27 10 32 AM '89
FEDERAL TRADE COMMISSION

Dear Mr. Cohen:

I am writing to confirm a conversation which we had on July 18, 1989 about whether notification was required pursuant to the Premerger Notification Rules (the "Rules") in connection with a transaction proposed by one of our clients.

The facts as I relayed them to you over the phone are as follows:

A corporation (the "Acquiror") having approximately \$4,000,000 in assets and \$8,000,000 in sales intends to acquire the assets of a division of a \$100,000,000 company. The division being acquired has assets of \$21,000,000 and sales of \$25,000,000. The Acquiror is financing the acquisition with approximately \$5,000,000 in new subordinated debt, \$5,000,000 in new voting security equity and \$10,000,000 of new senior debt. After the financing is in place, each of the three new unrelated equity investors will hold approximately 20% of the outstanding voting securities of the Acquiror and the existing equity owners will hold the remaining 40% of the Acquiror's common stock.

[REDACTED]

[REDACTED]

Victor Cohen
July 28, 1989
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It is my understanding that in our conversation you confirmed to me that notification under the Rules would not be required in connection with the proposed transaction because the Acquiror failed to meet the \$10,000,000 threshold of the size of the party's test. You also confirmed my understanding that the \$20,000,000 in debt and equity financing which the Acquiror obtained in connection with the transaction would not cause an increase in the value of the Acquiror's assets above the \$10,000,000 threshold.

If my understanding of our conversation and of the responsibilities of the Acquiror under the Rules is inaccurate, please contact me.

I greatly appreciated your assistance during our phone conversation and I am grateful for your continued attention to this matter.

Very truly yours,

[REDACTED]

[REDACTED]

[REDACTED]

cc: [REDACTED]

[REDACTED]