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Premerger Notice
Purchase

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November 5, 1996

Victor L. Cohen, Esquire
Premerger Notification Office
Bureau of Competition
Federal Trade Commission
Washington, D.C. 20580

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Nov 1 3 30 PM '96
PREMERGER
NOTIFICATION

Dear Mr. Cohen:

This letter confirms your advice to me earlier this week with respect to the appropriate application of the Hart-Scott-Rodino Antitrust Improvements Act and Rules to the transaction described below.

A owns a majority of the voting securities of B, and those securities constitute essentially all of A's assets. C owns a minority of B's voting securities. A and C agree to sell all of the voting securities of B to D. Prior to closing on D's purchase of those securities, however, as a necessary condition to that closing and as reflected in an agreement among A, C and D, C will exercise an option it holds to acquire additional voting securities of B (through a conversion of debt to equity) sufficient to result in C then owning a majority of B's securities and reducing A's holding to minority status. D, at the closing on its purchase of B, will then acquire the majority of B's securities from C and will at the same time acquire all of the outstanding voting securities of A, thereby obtaining ownership of the remaining shares of B.

C's exercise of the above-mentioned option will occur no earlier than one day prior to the day of the closing on D's acquisition of all of the voting securities of B. C's resulting transitory ownership of the additional securities of B would occur only after expiration of the HSR waiting period applicable to D's acquisition and only in contemplation of the certain closing of D's acquisition no later than one day thereafter.

On the basis of the foregoing facts, you advised that it would be appropriate for A, C and D to deem all of the above-referenced steps as a single transaction for HSR purposes. Thus, D would file as the acquiring person and A would file as the ultimate parent of the acquired entity. All of the interim steps, including C's exercise of its option, would be described in the item 2(a) description of the transaction. The treatment of this series of steps as a single transaction is consistent

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with and an appropriate application of the rationale described in interpretive letter no. 70 in the current edition of the Premerger Notification practice Manual.

My thanks to you for your assistance on this matter.

Sincerely,

[REDACTED]

[REDACTED]

Based upon the agreement of the parties to consummate the transaction regarding C to convert debt into equity as an integral step into acquisition process & because C will only hold C's debt temporarily for a short period and the ultimate holder^(D) will file for the acquisition of B's voting securities, the continuum theory would apply. Therefore, C need not file for the conversion of debt into B's voting stocks.

R.S. agrees