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July 30, 11(b)  
(c)  
(d)  
(e)

August 9, 1999

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By Fax and First Class Mail

Alice M. Villavicencio  
Federal Trade Commission  
Premerger Office  
6<sup>th</sup> and Pennsylvania Avenue  
Room H305  
Washington, DC 20580

Dear Alice:

This will confirm our conversation of August 3, 1999, relating to the calculation of the size of the ultimate parent entity (UPE), in accordance with 16 C.F.R. § 801.11(b), (c) and (e).

UPE - Entity

The UPE in question is a limited partnership which invests in various other entities. The regularly-prepared balance sheet of the UPE lists the names of entities in which it has investments at the amount that was paid for the entities. The limited partnership holds both minority interests in entities (that is, it owns less than 50 percent) and entities which it controls (it owns 50 percent or more). The entities which the UPE controls have their own financial statements.

You advised that the appropriate way to measure the revenues and assets of the UPE is as follows:

Controlled Entities. The most recent regularly-prepared balance sheet and the last annual income statement of the entities controlled by the UPE (if not dated more than 15 months from the date of filing or the date of closing) should be used to determine the assets and revenues of those entities. (16 C.F.R. §801.11(b)(2) and (e)) To avoid double counting, the amount paid for

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Alice M. Villavicencio, Esq.  
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the controlled entities shown on the UPE's balance sheet would be subtracted from the UPE's statement. (See Statement of Basis and Purpose, 43 Fed. Reg. at 33473.)

Minority Interests. The assets of the minority holdings of the UPE are the amounts shown for the entities on the UPE's most recent regularly-prepared balance sheet. In our situation, the amount shown is the price paid by the UPE for its interest in the entities. The revenues of the minority investments would be whatever interest, dividends or other moneys the UPE receives from those entities as shown on its last fiscal year income statement.

UPE - Natural Person

Where the UPE is a natural person and does not have a regularly-prepared financial statement, the investment assets of the individual in minority-owned entities may be valued at the individual's cost of those assets and do not need to be valued at the current fair market value. (See Premerger Notification Practice Manual, No. 162 (1991).) Assets and revenues generated by entities controlled by the natural person should be treated in the same manner as discussed above and in accordance with 16 C.F.R. §801.11(d) and (e).

Please let me know if you disagree with any of the above. Thanks, as always, for your valuable assistance.

Sincerely,

[Redacted signature]

*OK  
called writer  
8/11/99;  
AMV*

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