

801-2

[REDACTED]

October 10, 2000

Mike Vern
Federal Trade Commission
Washington, D.C. 20580

Re: HSR Question

Dear Mike:

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FEDERAL TRADE COMMISSION
WASHINGTON, D.C. 20580

[REDACTED]

Holding Company with two subsidiaries, Sub-1 and Sub-2. At the effective time: (i) Sub-1 will merge into Company A, (ii) Sub-2 will merge into Company B; (iii) stockholders of Company A will exchange all of their shares of Company A for shares of Holding Company.

[REDACTED]

Company B will exchange all of their shares of Company B for shares of Holding Company. The result will be that Company A and Company B will become wholly owned subsidiaries of Holding Company, which will be owned by the former stockholders of Company A and Company B.

One set of filings to be made in connection with this transaction will be by shareholders of Company A and Company B for shares of Holding Company.

consolidation itself, with Holding Company as the "acquired person." As stated in 15 U.S.C. § 1802(b) the transaction is not a "purchase of an interest in an interest."

and that the acquired person (Holding Company) will not be liable for violation of the HSR Act for issuing shares to its existing shareholders.

[REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
Mike Vern
October 10, 2000
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If I have misstated our conversation, or you do not agree with the position as stated,
please call me at your earliest convenience.

Sincerely,

[REDACTED]

ADVISED THE WRITER THAT IT WAS UNLIKELY THAT THE
FTC WOULD SEEK CIVIL PENALTIES AGAINST HOLDING COMPANY
IF A SHAREHOLDER ACQUIRED ITS VOTING STOCK IN VIOLATION
OF THE ACT.

B. Michael Vern
10/11/00

[REDACTED]