(AS)

[redacted]

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[redacted]

financing. This transaction is described in more detail below.

Our client, who is an equipment manufacturer (the "Equipment Manufacturer") which distributes its products through a nationwide network of dealers (the "Dealers"),

[redacted]

Historically, the Equipment Manufacturer has used a number of methods to finance these accounts receivable, including secured loans and sales of the dealer receivables to finance companies.

Approximately eighteen months ago the Equipment

[redacted]

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time the portfolio was valued at well under $15,000,000. The sale to Finance Company "A" was part of an arrangement pursuant to which Finance Company "A" would provide ongoing wholesale financing to the Dealers through the periodic purchase of the Dealer receivables from the Equipment Manufacturer. As a result of this continuing arrangement the portfolio of accounts

The Equipment Manufacturer desires to terminate its existing arrangement with Finance Company "A" and initiate a similar relationship with Finance Company "B". In order to do this, the existing portfolio is to be sold to Finance Company "B" and Finance Company "B" will thereafter offer wholesale financing to the Dealers. Initially this arrangement will be implemented through the continued purchases of the Dealer receivables from the Equipment Manufacturer, but later it is anticipated that Finance Company "B" will offer financing directly

benefit of the Dealers.

The transfer of the existing portfolio to Finance

Equipment Manufacturer can repurchase the portfolio from Finance Company "A" pursuant to the terms of the existing contract between them, and then immediately resell the

sell the portfolio directly to Finance Company "B". The terms of the sale and the terms of the subsequent wholesale financing arrangements would be negotiated among the three parties involved.

Both Finance Company "A" and Finance Company "B" are in the business of providing wholesale and retail credit and both frequently engage in transactions similar to that which is described above. The existing portfolio represents well under

have any antitrust implications.

Based on our previous discussions, and in light of of "other obligations which are not voting securities".

2/9/87 T/C Scanlon / [redacted]

I advised [redacted] that the two transactions described are exempt - but are exempt under C(1) rather than C(2). I explained that exemption under C(2) might lead to the conclusion that all accounts receivable are exempt which is not accurate. C(1) however treats these assets receivable as assets that are transferred in the ordinary course of business