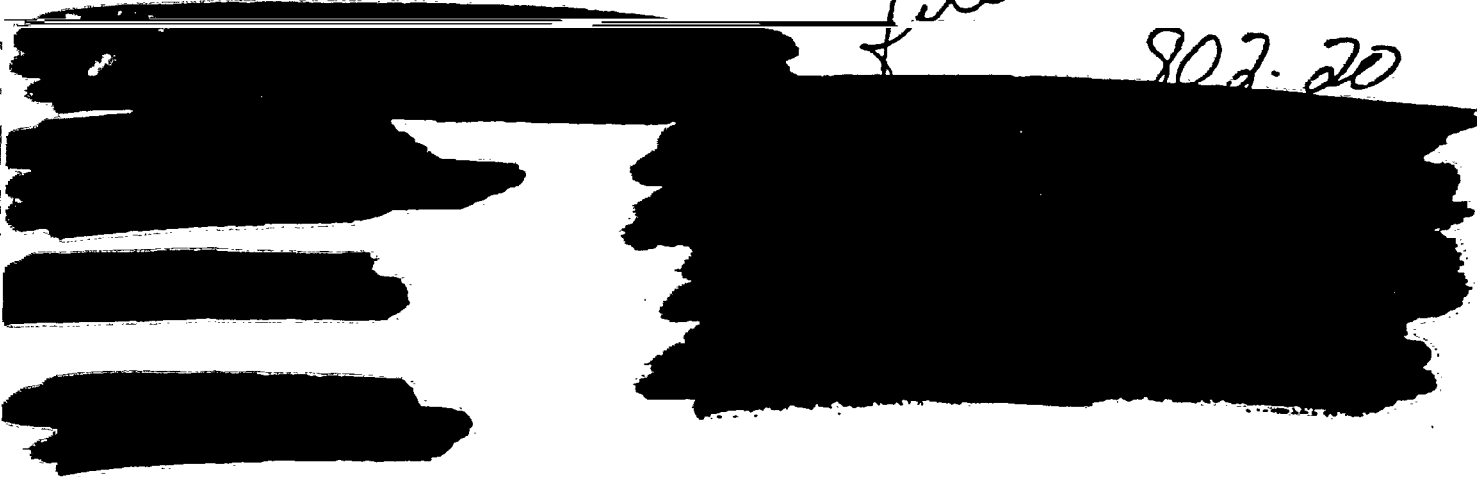


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807-20



December 7, 1987

VIA FEDERAL EXPRESS

Pre-Merger Notification Office
Bureau of Competition
Federal Trade Commission
Sixth Street and
Pennsylvania Avenue N.W.
Room 303
Washington, D.C. 20580

Attention: Ms. Addie Williams

Re: Application of the Hart-Scott-Rodino
Antitrust Improvements Act (the "Act")
to Proposed Acquisitions

Dear Ms. Williams:

Pursuant to our telephone conversation of
December 4, I describe herein the facts surrounding and
certain questions arising from the proposed acquisitions

I. Facts

1. LUS Co. will purchase all of the outstanding
stock of each of the Targets from the stockholders of the
Targets.

2. More than 50% of the outstanding stock of each of the Targets is owned by one individual stockholder

parent entity of US Co. are in excess of \$100 million.

million.

5. US Co. will pay the stockholders of the Targets \$11 million in exchange for all of the outstanding stock of the Targets.

6. The Targets will enter into Consulting and

which provide for annual payments to the stockholders on each anniversary of the closing date of the Acquisitions. In the aggregate those payments to the stockholders of the Targets will be \$1.75 million one year after the closing date, \$1.75 million two years after the closing date and \$1.0 million three years after the closing date.

7. US Co. will guarantee the payments to be made by

II. Summary of Applicable Requirements of the Act

(A) 15 per centum or more of the voting

(B) an aggregate total amount of the voting securities and assets of the acquired person in excess of

shall be exempt from the requirements of the Act if as a result of the acquisition:

- (a) Assets of the acquired person valued at more than \$15 million; or
- (b) Voting securities which confer control of an issuer which, together with all entities which it controls, has annual net sales or total assets of \$25 million or more.

III. Conclusions

18a(a)(3)(B) will not be met because the purchase price ~~EXC~~

amount of \$4.5 million will not be included in the purchase price for purposes of determining the \$15 million threshold because such payments are to be made in ^{IF NON COMP} ~~AGREEMENT~~ ^{AND COMPLETE} ~~ITS~~

Interpretation Letter to Ms. Beverly Thomas, Esq., dated ^{AGRO} November 3, 1981, question #3). ^{CONSIDERED ASSETS.}

2. Even if the payments to be made pursuant to the Consulting and Non-Competition Agreements were included in the purchase price, the present value of such payments ^{2.1}

such payments and the \$11 million purchase price for the stock of the Targets will not equal the \$15 million requirement of Section 18a(a)(3)(B). ^{NOT DISC TO PRESENT}

3. Because the Section 18a(a)(3)(B) requirement is

SBP 801.10 (c)(2) - VALUE NOT DISCOUNTED TO PRESENT.
VALUE OF AN INSTALLMENT CONTRACT IS THE VALUE OF THE TOTAL PAYMENTS OF PRINCIPAL TO BE MADE UNDER THE CONTRACT, BUT EXCLUDING INTEREST.

[REDACTED]

Pre-Merger Notification Office
December 7, 1987
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At your earliest convenience, please confirm that you agree with the conclusions set forth in Section III of this letter. I would also appreciate any other comments you may have. Thank you for your assistance.

Sincerely,

[REDACTED]

[REDACTED]

12/14/87

Called [REDACTED]:

Compliance reviewed under 802.20

12/29/87

[REDACTED]

IN ACCORDANCE WITH WAYNE'S REVIEW OF LETTER.