

I write to confirm our telephone conversation today, concerning the reportability under the Hart-Scott-Rodino Antitrust Improvements Act of a transaction which I outlined as follows:

A group of investors consisting of individuals in management along with one outside entity have formed a new corporation R for the purpose of acquiring 1002 of the voting equivities of Company (a \$100 million

substantially in excess of those needed to finance the acquisition of Company; these amounts will be well in excess of \$10 million and will not be borrowed until the closing ot the merger.

We understand that the acquisition of Company is not renortable because, nursuant to \$801.11(e).

its acquisition of Company through the tender offer, and therefore will not meet the requirements of Sec. 7A(a)(2).

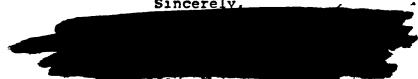
As to whether the formation of the second is reportable under \$801.40, the question we discussed is whether

has at least \$10 million in assets valued according to \$801.40(c). You explained that for purposes of \$801.40(c)(1), the full face value of financing for which agreements have

the economic value of having secured those credit agreements. Assuming that the financing is at market rates and that there are no other unusual circumstances, you pointed out that it is highly unlikely that this value would approach \$10 million. Assuming this to be the case, the requirements of \$801.40(b) are not met and the formation of not reportable.

I would appreciate your letting me know if this_

Sincerely,



Wayne Kaplan, Esq. Premerger Notification Office Bureau of Competition **Room 303** Federal Trade Commission Washington, DC 20580

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the full face value of financing est included. It is not included for 801,11(e) where it is taken down often the acquisition, Wayne Kaplan Writer was informed on 7/28/ES