



August 23, 1988

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VIA TELECOPIER (202) 326-2050

Premerger Notification Office
Bureau of Competition
Federal Trade Commission

has been filed in accordance with the
requirements of the Hart-Scott-Rodino
Antitrust Improvements Act of 1976.

ATTENTION: Patrick Sharpe

Premerger Notification Under
Hart-Scott-Rodino Antitrust
Improvements Act of 1976

Gentlemen:

This will confirm my telephone conversation with Mr. Sharpe of this morning. About two weeks ago I called Mr. Sharpe and related to him the factual situation set forth below; he indicated that a Hart-Scott-Rodino filing was not necessary at this time, but would be at a later date. I understand there has been subsequent contact with Mr. Sharpe by a Mr.

The factual situation is as follows:

takes fifty percent (50%) of each product of X-Y. X-Y has elected out of the partnership tax reporting obligation in accordance with the appropriate section of

term but not for the entire life of the partnership, Y has agreed to sell to X its (Y's) share of X-Y's products at "arm's length" prices in accordance with the Internal Revenue Code. For the last two (2) years X has delegated to S, its former subsidiary, the sales function of such products for a nominal commission; S has also performed certain management functions for X-Y on a cost reimbursement basis. (S is a very large consumer of X-Y's products.)

X and Y now propose to convey to S or its nominees X and Y's respective partnership interests in X-Y; it is not clear that the two (2) partnership interests would be

conveyed to the same legal entity thereby causing an automatic dissolution of the partnership. S would

immediately pay a sum certain to X which would retain liability for the debt of X-Y and S would immediately assume virtually all management responsibilities along with the benefits and liabilities of X-Y's operation and the sale of its products. Formal conveyance of the partnership interests would be seven (7) months hence

The issues are what

I realize that the factual situation is complex; if you wish any further elaboration please call me at (412) 422 2000

reviewed by
PS
WK
JS

I have no expertise in matters concerning the Internal Revenue Code. In order to determine reportability under H-S-R concerning the acquisition of partnership interests you look to the acquiring person not entities. If one person will hold 100% of the partnership that person will acquire

as a result of an acquisition

all of the
A management contract is not an acquisition of assets unless it is in connection with an acquisition of all partnership interest and or beneficial interest has passed.