

[REDACTED]

August 21, 1990

BY MESSENGER

Senior Attorney  
Premerger Notification Office  
Bureau of Competition  
Federal Trade Commission  
Room 306  
6th Street & Pennsylvania Avenue, N.W.  
Washington, DC 20580

Dear John:

We recently had a conversation in which you indicated certain lease financing arrangements. As I understand it, that

substance to the sort of lease financing arrangement that you wish to exempt, but has some structural peculiarities that implicate other exemptions.

In substance, a foreign airline will lease an aircraft from a wholly-owned foreign subsidiary of a United States leasing company. The structure or form of the transaction follows the following steps, all of which occur simultaneously.

1. A foreign airline will purchase an aircraft from a U.S. manufacturer for \$130 million.
  2. U.S. Leasing Corporation A has a wholly-owned subsidiary which is a single purpose foreign sales corporation ("FSC"), the only asset of which is the single aircraft that is the subject of this transaction. FSC is a foreign issuer.
  3. FSC will purchase the aircraft from and lease back to the foreign airline.
  4. U.S. Leasing Corporation B will acquire from U.S. Leasing Corporation A, 100% of the beneficial interest in the assets of a trust established by Leasing Company A at a United States bank ("U.S. Trust"). The Trust is a single purpose entity with no assets other than the stock of FSC.
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As a result of the transaction, U.S. Leasing Company B will control 100% of the voting securities of FSC, which shall receive the lease income on the 12.5-year lease of the aircraft as paid by the foreign airline lessee. The total value of the transaction is approximately \$130 million.

The transaction constitutes a bona fide lease  
financial arrangement which for tax and financial purposes  
passed through a foreign sales corporation. The acquiring

I believe the transaction should be exempt under Rule 802.50(b) as the acquisition of voting securities of a foreign issuer by a U.S. person. The foreign issuer holds no assets located in the United States and, although the transaction involves a new aircraft, will not make aggregate sales in the United States of \$10 million or more.

If you agree that the transaction is exempt under

Sincerely yours,

Confirmed that based on the facts presented the transaction

is exempt under Rule 802.50(b) as the acquisition of voting securities of a foreign issuer by a U.S. person.

the possible application of § 802.50(b) - an exemption from  
mutual establishment of a lease financing arrangement by a creditor in  
a bona fide lease financing arrangement. Here a  
lease financing company had been approved by the Bd of the airline carrier and  
that company decided it didn't want to finance the purchase of the plane. For a fee,  
it arranged w/ another lease financing company to assume its position.