[redacted]

April 29, 1991

BY FAX

Richard Smith, Esquire

Premerger Notification Office
6th and Pennsylvania Avenues
Washington, DC 20580

Dear Mr. Smith:

I would like to discuss with you by telephone the parties' reporting obligations for the following transaction:

[redacted]

1. Corporation X has less than 20 shareholders, none of which has "control" over X within the meaning of the rules.

2. Corporation Y has three shareholders with the following ownership percentages: A = 20%; B = 40%; C = 40%.

3. X and Y each satisfy the $100 million size-of-person test, as do some, but not all, shareholders of X and Y.

B. The Transaction

X and Y's shareholders enter into the following transaction: [redacted]

million in cash.

[redacted]

3. Each shareholder of X exchanges all of its shares in X for voting securities of HC.

4. Simultaneously with step 3, shareholder A exchanges its shares in Y for voting securities of HC, and

shares of HC after 5½ years.

5. As a result of this exchange, no shareholder of HC

person will have "control" over HC within the meaning of the rules. Collectively, the shareholders of X will receive almost twice as much of the stock of HC (on a fully diluted basis, counting voting and non-voting shares) as the shareholders of Y.

6. Shareholder A will receive a 5-year option to acquire 20% of HC's voting securities, and Shareholder B will

of Y to X, so that Y will become a wholly owned subsidiary of X.

8. A newly formed subsidiary of HC will acquire certain assets of shareholder A having a value of less than $15 million.

C. Analysis

An argument can be made that no H-S-R filing is

801.2(d)(2)(iii), since X and Y will not be losing their pre-acquisition identities. In substance, however, the acquisition

with the holding company structure being used to obtain favorable tax treatment. Accordingly, we believe it is appropriate to

be reportable under 802.30. HC's contribution of its shares in Y to X would also be exempt under 802.30, and the acquisition of certain assets from shareholders A by HC will not be reportable because it does not satisfy the size-of-transaction test of 15 U.S.C. 18A(a)(3). The options received by shareholders A and B to acquire HC voting shares are not presently reportable, but may be reportable if and when exercised.

Accordingly, we would propose reporting this transaction as a single acquisition of voting securities of Y with HC, including X, as the acquiring person and Y as the

(see attached page 2)

Richard Smith, Esquire

acquired person. Please call me when you have reviewed this to discuss any questions you might have.

Sincerely,

4/29/91 - discussed with A.D. John Sipple. He says that HC, including X, planning to acquire Y [redacted] to determine if Y's plan contributed by B) would be [redacted] (A B + C

shareholders are not husband and wife [illegible]

RBSmith