

[REDACTED]

August 30, 1991

BY TELECOPIER: (202) 326-2050

Patrick Sharpe
Premerger Notification Office
Room H-102

CONTAINS CONFIDENTIAL
BUSINESS INFORMATION

Re: Confirmation of Informal Interpretation of
the Hart-Scott-Rodino Antitrust
Improvements Act of 1976

Dear Patrick:

This will confirm our previous telephone conversations in the
last two days with [REDACTED] regarding the reporting
requirements when a service-providing corporation, which we will
call SERVCO, forms a holding company.

DESCRIPTION OF TRANSACTION: SERVCO has been engaged in
business for several years and has total assets and annual
revenues greater than \$10 million but less than \$100 million.
SERVCO has formed a new Delaware holding company, HOLDCO, and a
wholly-owned subsidiary of HOLDCO that we will call [REDACTED].

shareholder will receive one share of HOLDCO for each share
presently held in SERVCO.

APPLICATION OF THE ACT: Staff considers such a transaction reportable transaction. Staff considers such a transaction [REDACTED]

1991 edition.) Also, it fails the "size of person" test: the
putative "acquiring person" HOLDCO has less than \$10 million in
assets and liabilities, and no person controls HOLDCO. Finally,
SERVCO's formation and capitalization of HOLDCO was not subject

Patrick Sharpe
August 30, 1991
Page 2

This treatment under the Act is consistent with economic reality. The formation of the holding company and the exchange of its shares for former holdings in the operating company SERVCO is of no competitive significance and results in the equivalent

We appreciate the Premerger Office's help in clarifying the application of the Act to this transaction. If I have made any erroneous statements above, I would appreciate your calling me immediately either on our direct D.C. line [redacted] or at the [redacted] number above.

Sincerely yours

called [redacted] and informed him that this is exempt under C-10.

(85)

(JS) concurs

AD
This is exempt under C-10 see # 38 ^{new} premerger practice manual.

Supervising a holding company over an operating co. with the shareholders of the operating company exchanging ^{the} shares of operating co for holding shares is exempt. This assumes the issue of no other shares by holding at that time, and that the shares are exchanged in same percentage held prior to the exchange.