

7A/801.1

[REDACTED]

October 30, 1991

BY HAND

Hy David Rubenstein, Esquire  
Premerger Notification Office  
Room 323  
Federal Trade Commission  
Sixth Street and Pennsylvania Avenue, N.W.  
Washington, D.C. 20580

PREMERGER NOTIFICATION  
OFFICE  
OCT 31 4 02 PM '91

Dear Hy:

I am writing to confirm the substance of my telephone conversation with you this morning. You advised me that under the following circumstances, the parties (Company A and Bank B) would not have to file premerger notification forms under Hart-Scott-Rodino. You also told me that unless I hear otherwise from you within three days, we may assume that your advice reflects the position of the Premerger Notification Office.

[REDACTED]

... would like to become processing its own credit card transactions, and earn the very substantial attendant profits for itself. Under the contract, however, A would have to give B 3½ years notice before terminating the contract, and would have to pay a termination penalty of approximately \$21 million. Moreover, during the 3½ years, B would likely earn another \$80 million of profit on A's credit card business.

[REDACTED]

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B processes the private label credit cards of a number of

label credit card business to A. A received this offer. A only wants to process its own credit cards.

A and B are now negotiating an early termination of their contract. B has offered to sell A the lease for the facility where B now does its private label credit card processing and the equipment there. A is interested in acquiring that lease and *to \$10M*

estimates that it would cost about \$10 million to establish a new facility for processing its private label credit cards

rodino. A will pay B more than \$70 million to cancel the contract and acquire the processing facility.

[REDACTED]

Sincerely,

[REDACTED]

[REDACTED] *Frank*

*may be processing business. Customer lists already belong to A.*

*Transaction is exempt as ordinary course of business and < \$15mm (size of transaction)*