

When a person joins an existing partnership "P" by contributing assets this is equivalent to the formation of a "P" 801
Preval

argue. The interest is not [redacted] reportable since this is referring to P; a management agreement for P's assets would not create a reportable acquisition. The facts in this case indicate [redacted] called business [redacted] also [redacted] to the [redacted] should also [redacted] be considered in determining reportability.

Federal Trade Commission

(Attn: Mr. Victor Cohen)

amended at 15 U.S.C. Sec. 18A) (the "HSR Act")

We have been asked on behalf of the parties to a

partnership in exchange for a partnership interest and the

^{which requires}
Proposed Transaction: Consistent with what we discussed in the conference call on January 27, 1992, among you, [redacted] and me, the parties and the proposed transaction are described as follows:

1. Entities "A", "B" and "C" are each "ultimate parent entities" as defined by 16 C.F.R. §801.1(b)(3). Entities "A" and "C" each have total assets exceeding \$100 million. Entity "B" has total assets exceeding \$10 million.
2. "A" and "B" each hold a one-half partnership interest in a general partnership "X" which was formed several years ago. Partnership "X" owns assets which it has used for several years

value of such assets exceeding \$50 million [REDACTED]

4. The businesses which are conducted by "X" and "C" affect interstate commerce.

(a) "C" shall contribute its [REDACTED] and the [REDACTED]

occurring for tax reasons to provide "C" with a step-up in [REDACTED]

(c) At its option, "C" can elect to receive slightly [REDACTED]

redemption of "B's" partnership interest in "X", result in "C" holding slightly less than a one-half partnership interest and "A" holding slightly more than a one-half partnership interest in "X".

Statement of the questions. The above-described transaction poses two key questions:

1. Is the contribution by "C" of the [REDACTED] to "X" in exchange for up to a one-half partnership interest in "X" a reportable event under the HSR Act?

notification filings under the HSR Act as applied by the Federal

partners and that at the time of the initial formation of a

the transfer of the [REDACTED] by "C" to "X" as an acquisition of such assets by "A" and/or "B", which are the "ultimate parent entities" of "X" prior to the admission of "C". Instead, the FTC would view the contribution of the [REDACTED]

of the partnership interest of "B" is reportable, you explained that the FTC takes the position that an acquisition or transfer

partnership is not a reportable event because the FTC does not view the acquisition or transfer of less than all or substantially all of a partnership's interests to be an acquisition of either assets or voting securities within the meaning of the FTC's rules. Consequently, the redemption by "X"

With reference to the above-described factual situation, please confirm whether the conclusions set forth in the preceding two paragraphs correctly interpret the application of the HSR Act and the FTC's rules in the above-described factual circumstances.

Additional Aspect of the Proposed Transaction. In our

the following additional fact:

Partners "A" and "C" have agreed that subsequent to the redemption of the partnership interest of "B", "A" shall manage on behalf of "X" the operation of the business conducted using the [REDACTED] and "C" shall manage on behalf of "Y" the operation of the business conducted using

the [REDACTED] shall continue to reside with

[REDACTED] and the [REDACTED] respectively. The net income or net loss from the operations of the [REDACTED]

[REDACTED]

and its rules to the initially described factual circumstances

Please contact the undersigned if you have any questions on the facts or the informal interpretations being requested, and when you wish to discuss the FTC's conclusions after the FTC has completed its review. Thank you for your attention to this matter.

cc: [REDACTED]