

BY HAND

egictant Director for Organia Vaticiantia

Room 306 Washington, D.C. 20580

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Dear John:

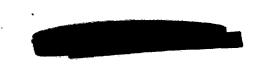
NOTIFICATION ICE

I am writing to confirm the substance of our telephone conversation on March 26, 1992, in which you advised that no premerger notification would be required under the circumstances

common shares of a Delaware corporation ("the Issuer"). Corporation A's sole investment is this interest in the Issuer, but its ultimate parent entity is an individual with investments in several exterprises. Neither Corporation A nor its ultimate parent entity regularly lends money.

An individual, X, owns 20% of the common shares of the Issuer. X does not control or have any interest in Corporation A. Under a shareholder agreement, X is entitled to name himself and one other individual as two of the four directors of the Issuer (and has done so), and Corporation A is entitled to name the other two directors (and has done so).

Corporation A made a substantial loan to X, which was secured by X's shares of the Issuer ("the Pledged Shares"). Neither Corporation A nor its ultimate parent entity controls a competitor of X or of the Issuer. The loan and the pledge agreement were negotiated at arm's length. At the time of the



John M. Sipple, Jr., Esquire March 30, 1992

to Corporation A, together with a blank stock power, signed by X.

The pledge agreement provides that upon default by X, cash dividends, if any, would be paid to Corporation A and applied to

and the blank stock power to X.

The pledge agreement also prohibits X from disposing of the Pledged Shares. Corporation A may not dispose of the shares

X has defaulted on the loan from Corporation A. Corporation A therefore has a number of options under the pledge

1. On the basis of a power of attorney included in the pledge agreement that authorizes Corporation A to vote the

these circumstances, Corporation A would not be acquiring beneficial ownership of the Pledged Shares, and therefore premerger notification would not be required.

2. Corporation A could insert "Corporation A, as pledgee" as the transferee in the blank stock power it is holding, and submit it to the Secretary of the Issuer. The record ownership of the Pledged Shares would then be transferred to

under these circumstances, Corporation A would not be acquiring beneficial ownership of the Pledged Shares, and therefore

3. Corporation A could insert "Corporation A" as the transferee in the blank stock power, and submit it to the spanning of the Tourn The mound submit it to the bnares would then be transferred to "Corporation A", and as a matter of Delaware law, Corporation A as the record holder would

, Esquire March 30, 1992 Page 3

ownership of the Pledged Shares, and therefore premerger notification would not be required.

APPRICATION of the District Characterists :

4. Under U.C.C. § 9-504, Corporation A could sell the Pledged Shares at either a public or a private sale. Given that

would acquire all rights, title and interest in the Pledged Shares, and record ownership of those shares would be transferred to "Corporation A" (if this had not already occurred in the manner described in paragraph 3 above). It is our view that an acquisition by Corporation A of the Pledged Shares at a public sale would be an "acquisition in foreclosure" under § 802.63(a)

foreclosure, or upon default, . . . by a creditor in a bona fide credit transaction entered into in the ordinary course of the creditor's business." If, however, a person other than corporation is acquisition would not be exempt under § 802.63(a).

5. Under U.C.C. § 9-505, Corporation A could give notice to X that it proposed to retain the Pledged Shares in satisfaction of X's debt. If X objected within 21 days after receiving such notice, Corporation A would have to proceed under U.C.C. § 9-504. If, however, X did not object within 21 days, Corporation & could retain the Pledged Shares would be the Received Corporation of the Pledged Shares would be

circumstances, Corporation A's acquisition of the Pledged Shares

\$ 802.63(a), as "an acquisition in foreclosure, or upon default, . . . by a creditor in a bona fide credit transaction entered into in the ordinary course of the creditor's business."

We thank you; for your very kind and patient attention to this matter. In accordance with your

John M. Sipple. Jr. Esquire

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Office's standard practice, unless we hear otherwise within three business days we and our clients will proceed on the

Sincerely,

Called on 3/31 to confum that the letter reflects the advice provided.

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extended in an author higher home first event remodern so a providence of the A or its without power energy results, and to be a competitor of the A or its without power energy of 1002.63 to creations other than banks and pender present breaks the interpretation of 802.63 to creations other than banks and pender present protections as a higher consideration by the Premise of free i