

January 31, 1994

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Richard Smith, Staff Attorney Federal Trade Commission Pre-Merger Notification Office, Room 303 Washington, D.C. 20580

Dear Mr. Smith:

which the relevant parties are exempt from the notification requirements set forth in the Hart-Scott-Rodino Antitrust Improvements Act of 1976 ("HSR"). The purpose of this letter is to cheain the Commission's response to the conclusions regarding (i) the parties who have a reporting requirement; and (ii) the existence of an exemption to the reporting requirement for those parties. Statutory citations made herein are to HSR and

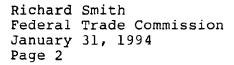
FACTS

Corporations X and Y are to be merged into corporation Z. Corporation X is owned as follows: corporation A owns 82.5% of X's issued and outstanding stock and corporation B owns the remaining 17.5%. Corporation Y is owned entirely by corporation 1. The curional aerocation 7 is aread an followed commention

white ale of the respect and oddescanding stock and corbotation b owns the remaining 35%. The following tables summarize the To letter the near the new time. I have been the service of the se

PRE-MERGER

	<u>A</u>	R
Corporation X	82.5%	17.5%
Corporation Y	100%	0
Corporation Z	, 6 .5 %	35%



POST-MERGER

Α

В

As a result of the merger, the number of issued and outstanding shares in corporation Z owned by each of corporation A and B will increase, with corporation A owning approximately 75% of corporation Z, and corporation B's ownership interest falling to approximately 25%. For purposes of this analysis, assume that the transaction meets the requirements set forth in the (a) commerce test; (b) size of parties test; and (c) size of transaction test. 15 U.S.C.A. §18a(a).

APPLICATION

Since corporation A owns a controlling interest in corporation Z, the surviving corporation to the merger, corporation A is an acquiring person with filing responsibilities.

corporation Z's stock.

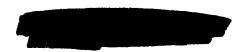
A second exemption is also available to corporation A, given its controlling interest in not only corporation Z, but corporations X and Y, as well. A party that is both an acquiring

Arguably, corporation B is also an acquiring corporation with reporting responsibilities, given that it will hold voting securities it did not hold prior to the merger. 16 CFR \$801.2(d)(2)(i). However, an exemption from filing exists where

stoa(c)(to). The contemplated merger would reduce corporation b s interest in corporation 7 from its present 35% to approximately.

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prefiling notification requirements exist for each of corporation A and B. Therefore, the contemplated merger of corporations X and V with and into corporation 7, is exempt from any prefiling

of our office, I understand that your office will issue only an informal ruling (i.e., an oral response) to written inquiries. You may contact me at the telephone number set forth above with your conclusions. In the meantime, should you require any additional information, please do not hesitate to call. Your attention to this matter is greatly appreciated.

