

Mr. Richard Smith, Attorney Premerger Notification Office Bureau of Competition Federal Trade Commission Washington, D.C. 20580

Dear Mr. Smith:

"Act").

1976 and the Federal Trade Commission's implementing rules (the

As we discussed, we represent a partnership organized under which is its own "ultimate parent entity" under the Act's definitions. This client's only business activity has been

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other than the Corporation A Stock is a small amount of cash. The client has derived no income from its investment in Corporation A or any other activity. The only financial statements that the client has prepared have been in connection with its annual income tax returns, which include a balance sheet. In preparing the tax

on its most recent annual tax return balance sheet at less than \$10

described in the next paragraph on which, consistent with the accounting principles used in preparing the client's annual tax



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return balance sheets, the Corporation A Stock and, therefore, the client's total assets are reflected as having a value of less than \$10 million. However, the current fair market value of the Corporation A Stock held by the client has been determined to exceed \$10 million.

Corporation A is proposing to merge with Corporation B, with the surviving entity being Corporation B. As a result of this proposed merger, the client will receive voting stock of Corporation B having a value in excess of \$15 million. The person

under the Act with regard to the merger itself and, possibly, with

Based on 16 C.F.R. sec. 801.11(c)(2) and Interpretation 162 contained on pages 134 and 135 of the ABA Premerger Notification

acquisition of Corporation B's voting securities (the "Transaction") because the Transaction does not satisfy the Act's

annual tax return balance sheet of the client qualities as its

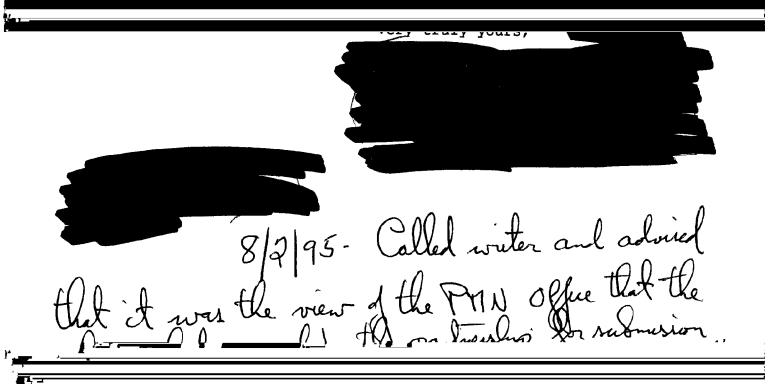
with the transaction, which reflects the Corporation A Stock at acquisition value, may be used in determining whether the client will satisfy the "size-of-person" test, even though the current

this letter, we are asking for an informal staff interpretation confirming the correctness of these assumptions.



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I will contact you by telephone later this week to discuss this request in further detail



balance sheet and the last one could be ared to closerume
the size of person. The said that the stock holdings were
carried on an acquisitor mue basis was line and did not
compromise the ability to are such balance sheet for supe-of-person
compromise the ability to are such balance sheet.