

801.40 ; 801.1 (c)

[Redacted]

[Redacted]

[Redacted]

February 27, 1996

Via Facsimile

Richard B. Smith, Esq.
Federal Trade Commissioner
Premerger Notification Office
Room 303, 6th & Pennsylvania Avenue
Washington, D. C. 20580

Dear Mr. Smith:

Enclosed is an outline describing the proposed transaction I would like to discuss with

Thank you for your attention to this matter.

Very truly yours,

[Redacted Signature]

[Redacted]

2/29/96 Advised writer that transfer of assets from Partnership A to Partnership B (which results in Partnership A not holding 100% of Partnership B's partnership interests) are also non-reportable.

in some cases
is non-reportable! Formation of Partnership B and transfer of partnership interests in Partnership A (which results in Partnership A not holding 100% of Partnership B's partnership interests) are also non-reportable.
RBSmith

✓

TRANSACTION STEPS
(Private Sale)

Company 1 is the sole general partner in, and owns a 1% general partner interest in, limited partner interest in Partnership 1 and public holders own the remaining 15% limited partner interests in Partnership 1. Partnership 1 owns a 99% limited partner interest in Partnership 2. (See

Partnership 1 has no assets other than its 99% limited partner interest in Partnership 2. Partnership 2 has assets in several states. The assets in the Western United States are referred to as the "Western Assets" and all its other assets are referred to as the "Other Assets."

1. Company 1 and Partnership 2 will form Partnership 3, a limited partnership. Company 1 will acquire a 1% general partner interest in Partnership 3 in return for a cash contribution to Partnership 3. Partnership 2 will acquire a 99% limited partner interest in Partnership 3 in return for a contribution of the Other Assets to Partnership 3. (See Diagram B.)

3. Company A and Company B, which are totally unrelated to Company 1, will form a general partnership referred to as Partnership A-B. Company A will contribute cash (estimated at \$210 million) and Company B will contribute cash (estimated at \$90 million) for 70% and 30%

4. Partnership A-B will contribute approximately \$300 million to Partnership 2 in return for a 98.9% managing general partner interest in Partnership 2. The \$300 million will be used to pay down debt of Partnership 2. Company 1's 1% general partner interest in Partnership 2 will be converted into a .1% special general partner interest in Partnership 2 and Partnership 1's 99% limited partner interest in Partnership 2 will be converted into a 98.9% limited partner interest in Partnership 2 (which has features very similar to a non-participating preferred stock) which will have a liquidation preference of \$150 million and a 1% common limited partner interest. As a result, Company 1 will continue to hold .1% of the general partner interest in Partnership 2 and Partnership 1, a controlled partnership of Company 1, will hold the right to approximately 15% of the assets of Partnership 2 on liquidation. Partnership A-B will manage Partnership 2. (See Diagram D.)



DIAGRAM A

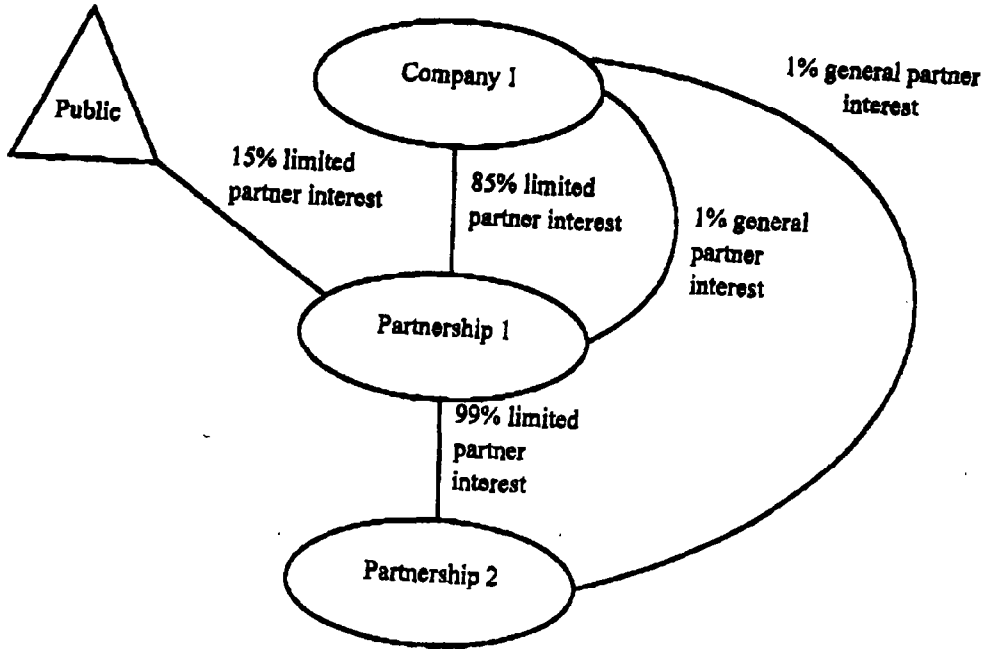


DIAGRAM B

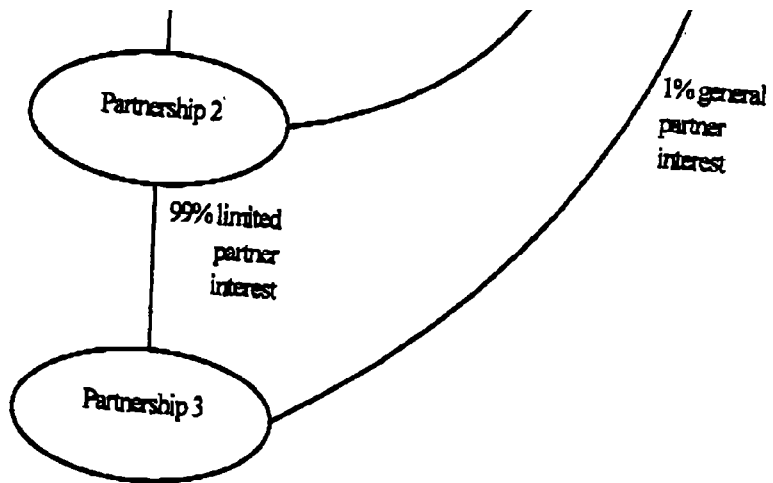
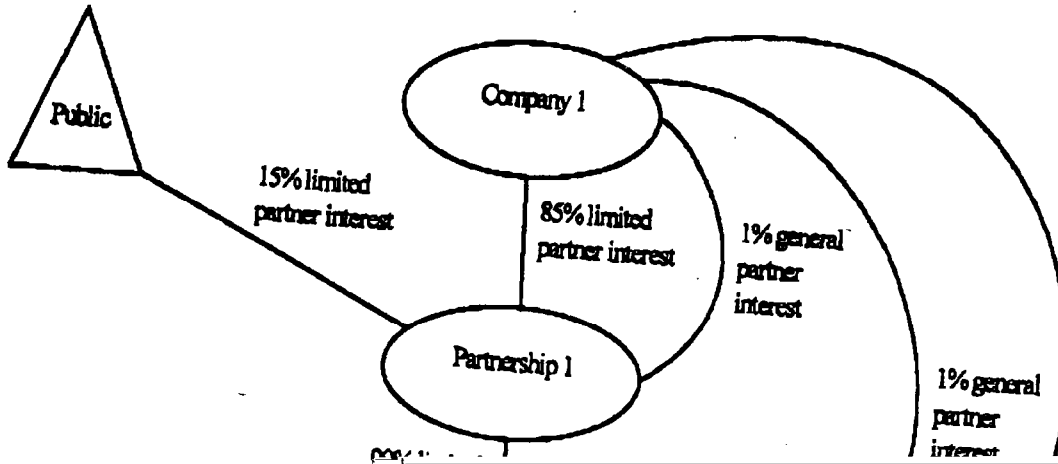
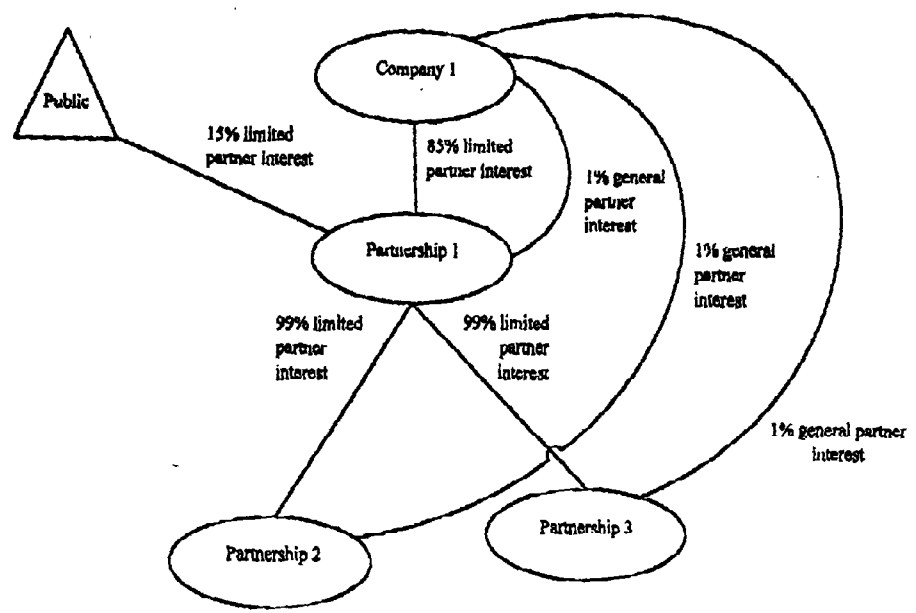


DIAGRAM C



[REDACTED]

DIAGRAM D

