The size-of-person test is based on the last regularly prepared balance sheet if not over 15 months old. 801.11 KC

[redacted]ts of letter indicate ~~that~~ size tests are not met.

[redacted]

May 30, 1996

[redacted]

Washington, D.C. 20580

Dear Victor:

[redacted]

XYZ L.P. is a limited partnership which, together with its general partner, is engaged in a non-manufacturing business. Separate interests of 15% each are held in XYZ by four individuals, Child 1, Child 2, Child 3 and Dad. The children are all adult children of Dad. A 40% interest in XYZ is held by Corporation A. XYZ operates in many different states. Corporation A is the general partner in XYZ, and owns and operates the business in State B. Dad owns 100% of the stock of [redacted]

that he has licensed to XYZ. In exchange for his personal services to XYZ and licensure to XYZ of the above rights, Dad has [redacted]

[redacted]

additional interest in XYZ, bringing its total interest to 41.2%

✓

Transaction test

of XYZ. Dad's and the children's respective limited partnership interests will thereby be reduced to 14.7% each. The fair market [redacted]

than $10,000,000. Dad will also transfer to XYZ the stock in [redacted]

Thereafter, Corporation A will donate its 41.2% interest in XYZ to a charitable support organization qualified under Section [redacted]

else will have a majority interest in XYZ. Dad will also donate [redacted]

business of XYZ, while retaining the remaining interest in that intellectual property. Neither Dad nor any of the children controls the Foundation.

Subsequently, the Foundation, Child 1, Child 2, Child 3 and Dad will sell all their respective holdings and interests as identified above to Buyer. The net proceeds received by the [redacted]

of the contemplated transaction will be less than $15,000,000, and the amount received by him for intellectual property (apart from his partnership interest) will be considerably less than [redacted]

assets of approximately $5,150,000. The most recent balance sheet for Corporation A (for the period ending March 31, 1996) shows assets of approximately $1,660,000 (inclusive of Corporation A's interest in XYZ). No new regularly prepared [redacted]

It is my understanding that all of the transactions [redacted]

[redacted]

satisfy the size of transaction test (even if a transfer of assets from one entity controlled by Dad to a partnership

[redacted]

o The cancellation of the royalty agreement between Dad and the XYZ partnership is not a reportable transaction because it does not represent an acquisition of assets.

o The donations to the Foundation will be exempt from reporting as gifts under 16 C.F.R. § 802.71.

o Since, at the time of the sale to Buyer, neither the Foundation nor any other person or entity will have a majority interest in XYZ -- either in its profits or in its assets upon dissolution -- XYZ should be treated as its own ultimate parent entity with respect to the Sale to Buyer, and therefore as the acquired person. The sale by the Foundation, Dad and the children of their respective interests in XYZ will not be reportable because XYZ does not satisfy the size-of-person test, on the basis of a consolidation of its most recent regularly prepared balance sheet and the assets it is acquiring from Corporation A as reflected on Corporation A's most recent regularly prepared balance sheet.

[redacted]

understand it, their sales of minority partnership interests would not in themselves be reportable in any event.

o The sale by the Foundation of its minority partnership interest in XYZ is not considered an acquisition of an asset for HSR purposes, and the sale by the Foundation of its intellectual property and copyright interests would not satisfy the size of transaction test.

Thank you for your cooperation in helping me work through the HSR implications of this series of transactions. If you have any concern about the soundness of my conclusions, please let me [redacted]

Sincerely,

[redacted]