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\$01.90
7/01/11

[REDACTED]
[REDACTED]
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FEDERAL TRADE COMMISSION
MERGER NOTIFICATION
OFFICE

MAY 31 3 00 PM '96

May 31, 1996

Mr. Victor Cohen

VIA FACSIMILE

Bureau of Competition, Room 303
Washington, D.C. 20580

Dear Mr. Cohen:

We would like you to confirm that the following series of transactions does not present a reportable acquisition under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 as amended:

non-merger

Our client, Company X, was formed in 1995 as a venture capital start-up company. Its last regularly prepared balance sheet shows \$1,000 in gross assets and no sales. It was formed in order to acquire seven separate companies located around the country that are engaged in a service industry. None is controlled by, or under common control with, any of the others. Attached hereto are the gross assets and net revenues of the seven companies on their last regularly prepared balance sheets. The companies are listed as A, B, C, D, E, F, and G.

Company X proposes to acquire the voting securities of each of the seven companies

or the seven acquired companies. This type of transaction is commonly referred to as a "roll up."

Company X plans to start with the acquisition of Company A's voting securities and thereafter acquire the voting securities of Companies B, C, D, E, F, and G, in that order. The acquisition of Company A's voting securities is not reportable because the size-of-the-parties test is not met: Company X has no assets and no sales, and Company A's financial statement reflects assets of \$20.6 million and annual revenues of \$20.7 million. Pursuant to Section 801.11 of the Federal Trade Commission

[REDACTED]

✓

Mr. Victor Cohen

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Using the same analysis for each subsequent acquisition Company X's acquisition of the voting securities of Companies C, D, E, and F would not satisfy the size-of-the-parties test. Following its acquisition of F, X's proforma balance sheet would indicate gross assets of \$25.2 million and net revenues of \$97 million. When Company X acquires Company G neither entity would have net sales or gross assets in excess of \$100 million. Therefore the transaction would not meet the size-of-the-parties test and would not be covered under the HSR Act.

I would appreciate your confirming that the Staff would recommend that no action be taken based on the above stated facts. We appreciate your attention to this matter.

Very truly yours,

[Redacted signature]

When there are several transactions...

(analyse them as if any one could proceed first in order to determine if the HSR size-of-person test is met. The pro-forma size is recomputed after each acquisition & size includes cash on hand to make acquisitions)

NOTE: THESE COMPUTATIONS ARE IN ANY ORDER.

+ REPORTING MAY NOT BE REQUIRED RE SIZE REQUIREMENTS

[Redacted text]

	Gross Assets	Net Revenue
Company A	\$ 9,651,740	\$ 39,746,235
Company B	6,645,565	22,293,604
Company C	1,036,209	4,278,118

Company G	14,273,526	35,159,389
Total	\$39,450,075	\$132,164,636