

July 5, 1996

Patrick Sharpe Compliance Specialist Premerger Notification Office Federal Trade Commission Sixth Street and Pennsylvania Avenue, NW Washington, DC 20580

Re: Size of Person Test for Premerger Notification

Done Mr Shorner.

of our conversation is that after I described the following facts to you, you did not disagree with my conclusion that my clients are not required to file a premerger notification because

me know, because the clients do intend to rely on the analysis below.

H Corp. is a corporation that operates

H Corp. has annual

operated by H Corp. and own five the office buildings.

My clients are a corporation ("A Corp.") and an individual ("AS") who owns all the voting securities of A Corp. A Corp. has entered into an agreement with HS-1 through HS-5

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to acquire all the vertine committee of U Com for annovirustale MO million. This announced

assets or revenues and neither a halance cheet nor an income statement has been nonemed for

and from income-producing business and professional assets. Therefore it appears AS does not have \$10 million in annual net sales and does not satisfic the "size of person" test in the

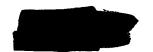
provided value and tair market value both are less than W.W million. AN uses the form

the ranch is less than \$3.5 million, although the ranch might have a significantly higher value if it were subdivided. AS has no plans to dispose of the ranch but has given some thought to

Can be tive parcels of unimproved land for which the total most recent appraised value and fair market value is less than \$575,000. The unimproved land never has produced rental or other

The stock purchase agreement under which A Corp. will buy the voting securities of H Corp. from HS-1 through HS-5 is conditioned upon A Corp. demonstrating that it will be able to obtain \$47 million in financing, virtually all of which will be used to discharge A Corp.'s expenses and obligations under the stock purchase agreement. Approximately \$28 million of

investment trust, or O Corp., a corporation that operates a number of facilities. O



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Corp. does not operate facilities in the state where H Corp.'s facilities are located.

R Corp. has entered into an agreement with H Corp. under which R Corp. is providing interim financing to H Corp. and HS-1 through HS-5 have granted options to R Corp. to purchase all the voting securities of H Corp. R Corp., H Corp., HS-1 through HS-5 and A Corp. expect that R Corp. will transfer its options to A Corp. before A Corp. purchases the H Corp. voting securities. A Corp. hopes to negotiate an agreement with R Corp. to acquire and lease back or sublease the ownership and leasehold interests in the facilities operated by H Corp., but there is no such agreement at this time. A Corp. also hopes to negotiate

included for purposes of the "size of person" test; (2) the options to purchase all the voting securities of H Corp. that A Corp. will obtain from R Corp. either do not have value for

Thank sions seem much for some projetones in this matter

Very fruly yours.

callele 7/9/94

401.11(e) can apply. The ranch can be excluded since it is a personal residence and not a business.

RS concurs the Red and read the letter but concurs with the ranch issue.