

[REDACTED]

[REDACTED]

August 30, 1996

VIA FACSIMILE AND US MAIL

Alice Villavicencio
Premerger Notification Office
Bureau of Competition Room 303
Federal Trade Commission
6th Street and Pennsylvania Avenue, NW
Washington, D.C. 20580

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SEP 4 12 11 PM '96
FBI/DOJ

Dear Ms. Villavicencio:

I am writing to memorialize the advice you provided during our telephone conversation on Monday, August 26, 1996, concerning the appropriate analysis under the Hart-Scott-Rodino

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connection with the formation of a limited liability company (the "LLC"). In discussing the transaction outlined below, I ask you to assume that all applicable size tests were met.

Facts:

not transfer etc.

therefor, in connection with the formation of the LLC. Corporation A will contribute non-cash assets with a value of \$X to the LLC. Corporation B will contribute cash in the amount of \$Y to the LLC. So as to achieve an equal ownership between Corporation A and Corporation B in the formation of the LLC, the LLC will make an "equalization payment" to Corporation A in

equalize etc.

the cash contributed to the LLC by Corporation B, (ii) cash from a loan by Corporation B to the LLC, or (iii) a combination of both (i) and (ii) above. The governing body of the LLC will be a board of managers consisting of representatives of Corporation A and Corporation B who are employees, officers or directors of the corporations.

the cash loan assets

[Handwritten signature]

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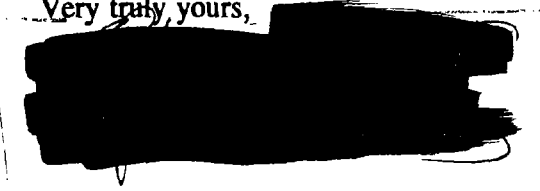
Analysis:

During our conversation, you advised me that the formation of such an LLC, including

to constitute voting securities. However, you indicated that if Corporation A or Corporation B appointed an outsider (i.e., a person who is not an employee) to the LLC's managing board, then the LLC formation transaction would be reportable under the provisions of the Act relating to the formation of a joint venture corporation. You further advised me that the payment to Corporation A by the LLC would constitute an equalization payment in connection with the LLC's formation and, as such, would not constitute a reportable distribution or be deemed a

If this letter does not accurately describe the advice you provided during our conversation, please call me as soon as possible. Thank you for your time and assistance in this matter.

Very truly yours,



On 8/30/96, I was contacted and informed that based on the facts set forth above, the transaction is not reportable. This conclusion is based on the following: "the governing body of the LLC - the board of managers" is equal to the board of directors of a corporation, officers, or directors of the corporation.

Your question is very reasonable (and over my head). The structure of this LLC is that of a partnership, but the fact that it is not a partnership, analyzed and governed by Rule 1.74.

THA:rcs

