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November 6, 1996

CONFIDENTIAL

VIA FACSIMILE

Mr. Victor Cohen
Staff Attorney
Federal Trade Commission
Premerger Notification Office
Bureau of Competition, Room 303
Washington, D.C. 20580

Dear Mr. Cohen:

Following up on our telephone conversation on November 5, this letter will set forth (in somewhat greater detail) the transaction that I told you about.

1. Our client, Mr. C, has recently formed a corporation ("Corp. A") with $1,000 of capital, the sole purpose of which is to accomplish the following described transaction. Mr. C is currently the ultimate parent entity ("UPE") of Corp. A and has gross assets in excess of $10 million.

2. Three individuals, Messrs. X, Y and Z, each own several separate corporations, each [illegible]

respective corporate auto dealerships. All have gross assets in excess of $10 million.

3. On the day of closing, Corp. A will sell voting securities to the public (IPO) and raise approximately $145,000,000.

4. On that day, Messrs. X, Y & Z will contribute (through a series of merger transactions) to Corp. A the voting securities of all of their car dealership subsidiaries and thereby consolidate in Corp. A the ownership of all the separate dealership corporations. In return, Mr. X will receive approximately $26,000,000 in cash and $104,000,000 in Corp. A voting securities, Mr. Y will receive $21,500,000 in cash and $86,000,000 in voting securities, and Mr. Z will receive $9,400,000 and $37,600,000 in voting securities (all such amounts being estimates, subject to

[illegible] this transaction [illegible]
in the facts underlying: identity of the purchaser
[redacted] known; sale of stock is timely to the

[redacted]

5. After closing, the voting securities of Corp. A will be held in the approximate percentages: - Mr. C - 9%, Mr. X - 24%, Mr. Y - 20%, Mr. Z - 8.7%, the public - 33.7%, and executive management and other - 3%, such that Corp. A will be its own UPE. Each of the contributors will have at least one representative on the nine member board of directors of Corp. A.

As I mentioned to you, we believe the above transaction should be analyzed as the formation of a joint venture under §801.40 of the Federal Trade Commission Premerger Notification [redacted] transaction test. The preexistence of Corp. A should not preclude joint venture treatment. Interpretation 199, Premerger Notification Practice Manual. Moreover, the fact that the transaction results in the consolidation of several dealerships supports the view that joint venture treatment would be appropriate. Interpretation 207. We understand that the sale of Corp. A voting securities to the public will be analyzed separately under the Act. Section 7A(a).

During our phone conversation, you generally concurred in the conclusions set forth above.

[redacted] if the above does not represent your views on the reportability of the proposed transaction. I appreciate your time and counsel in this matter.

Very truly yours,

[redacted]

[redacted] Holders + IPO \$ the money raised is used to purchase target \$ the money is part of the initial capitalization. Facts indicate that the parties intended to form a joint venture incorporation within a reasonable time prior to [redacted] Exempt 801.40 from consideration to HD Transaction