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February 19, 1998

BY TELECOPIER

Richard B. Smith, Esq.
Premerger Notification Office
Federal Trade Commission
6th Street & Pennsylvania Avenue, N.W.
Washington, D.C. 20004

Dear Dick:

This letter confirms your advice regarding the Hart-Scott-Rodino reporting requirements of the transaction described below, as expressed in a telephone conversation with myself, [redacted] of our firm, and [redacted] on September 11, 1998. If this letter in any way fails to reflect either your views or the

which is its own ultimate parent entity. A and B intend to effect a "Plan of Arrangement,"[1] pursuant to which: (i) A will acquire 100% of the outstanding voting securities of B (the "Acquisition") and, as consideration for the Acquisition, B's shareholders will receive shares of A common stock; and (ii) immediately following the Acquisition, the stock of B (which will have transferred some of its holdings to other subsidiaries of A) will be distributed on a *pro rata* basis to the shareholders of A (including the former shareholders of B). The Plan of Arrangement will be effected as follows.

Prior to the Acquisition taking place, B will reorganize its current holdings as follows:

[redacted]

- Those holdings not transferred to B-Sub1 will continue to be held by B through [redacted]

This pre-Acquisition reorganization will be an exempt, intra-person transaction.

Upon receiving the court's approval of the Plan of Arrangement, the parties will file certain documentation (the "Articles") with the appropriate Canadian authorities, which will give effect to the Plan of Arrangement and produce the following results:

- First, in the Acquisition, A will acquire 100% of the outstanding voting securities of B and the shareholders of B will acquire A common stock representing, in aggregate, approximately 50% of A's outstanding voting securities. A and B will file HSR notification for the Acquisition (as acquiring and acquired person, respectively) and, if necessary, additional filings will be made for the acquisition of A common stock by B's shareholders.[2]

- Second, B (which is now a wholly owned direct subsidiary of A) will transfer to A [redacted]

exempt from HSR reporting by virtue of § 7A(c)(10) of the HSR Act.

As a result of the foregoing events, (i) A will directly hold 100% of the outstanding voting securities of B-Sub1 and (ii) B will be a publicly traded company, the shares of which initially will be held by the shareholders of A (which include the former public shareholders of B).

Both the Acquisition and the Separation will become effective, substantially simultaneously, when the Articles are filed with the Canadian authorities. It is our understanding that both the receipt of court approval for the Plan of Arrangement and the

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2 The parties do not currently anticipate that any of B's shareholders will be required to file HSR [redacted]

possibility that A will have beneficial ownership of B (and the interests held by B at the time of the Separation) for more than the theoretical moment in time between the Acquisition and the Separation becoming effective.

Against this factual background, we raised two questions regarding the parties' HSR reporting obligations:

- First, must A file notification for the secondary acquisition of "X" common [redacted]

along with B in the Separation)?

We understand that your response to both questions is "no." Specifically, you advised that A need not file HSR notification for the secondary acquisition of X's voting securities because there is no possibility that A will hold those securities for more than a brief, largely theoretical, moment in time. You further advised that B should exclude from [redacted] would propose that B describe both the Acquisition and the Separation in Item 2(a) of its filing, and also cite our conversation and this confirming letter.

If this letter in any way fails to reflect your views on the matter, please [redacted]

cc: [redacted]

2/23/98. Called writer and advised that acquisition of the X stock [illegible] assured. FBS