

FEDERAL TRADE COMMISSION
PREMERGER NOTIFICATION
SECTION 7
WASHINGTON, D.C. 20580

August 6, 1998

BY TELECOPY TO (202) 326-2624

Thomas Hancock, Esq.
Premerger Notification Office
Bureau of Competition, Room 303
Federal Trade Commission
6th and Pennsylvania Avenue, N.W.
Washington, D.C. 20580

Re: Proposed Transaction

Dear Mr. Hancock:

The issues are identical to another transaction discussed in my letter to you

dated July 17, 1998, but in this case the market share issues are identical.

is correct. I greatly appreciate your assistance in this matter.

Sincerely,

Attachment

TRANSACTION DESCRIPTION

Corporation X was formed for the purpose of acquiring roofing contractors (SIC Code 1761). Corporation X is its own ultimate parent entity and will not have active

twelve different ultimate parent entities. Some of the businesses are conducted in multiple corporations. The consideration for each acquisition will consist of cash and stock in Corporation X.

[REDACTED]
of the stock of Corporation X. The initial public offering is necessary to raise the proceeds to pay the cash portion of the consideration and is a condition to closing the acquisitions. Each of the acquisitions is subject to certain terms and conditions, and it is possible that all

~~businesses may not be acquired by Corporation X~~

One condition to closing of each of the acquisitions is that the aggregate sales of the businesses to be acquired be at least a certain amount. If any two of the four largest businesses (by sales) were not acquired, that condition would not be met

business entity to accomplish the operational and financial objectives of Corporation X.

of The Wall Street Journal, the need for the initial public offering has been determined.

affected by the recent declines and volatility in the stock market, and additional adverse effects could prevent the completion of the offering.

It is also our understanding that the FTC will permit the acquiring entity to determine the

than the avoidance of filing under the Act or (b) there is a filing under the Act that provides notification of the acquisitions.

Corporation X proposes to sequence the first three acquisitions as follows: Business A, having separate annual net sales of approximately \$34.5 million; Business B, having a different ultimate parent entity and having annual net sales of approximately \$31.3 million; and Business C, having a different ultimate parent entity and having annual net sales of approximately \$28.5 million. Neither the ultimate parent entity of Business A

annual net sales or total assets of \$100 million or more.

Following the acquisition of Business A, Business B and Business C, Corporation X will have annual net sales of approximately \$94.2 million. The other nine businesses do not have annual net sales or total assets of \$25 million or more.

QUESTION

Will the first three acquisitions (Business A, Business B and Business C) be

OUR UNDERSTANDING

Corporation X has a valid business purpose for making the acquisitions of the largest businesses, in that the transaction will likely not satisfy certain closing conditions

transaction could still likely close.

It is our understanding that the acquisition of Business A, Business B and Business C would be exempt because, at the time of the respective acquisitions, there is no \$100 million person for purposes of Section 7A(a)2 of the Act. It is also our understanding

SECTIONS OF LOAN: ISSUES OF 323 EDITION.

ABALED - ASSUMING EACH IS WITHIN
A DIFFERENT PERSON, AND THE
CONSIDERATION FOR EACH IS
\$15M OR LESS