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October 20, 1998

Michael Verne
Bureau of Competition Room 303

600 Pennsylvania Avenue, N.W.
Washington, D.C. 20580

Dear Mr. Verne:

[REDACTED] connection with a proposed acquisition of substantially all of the operating assets of a target corporation (the "Target") engaged in a similar service business in different geographic markets from those currently served by the [REDACTED]

[REDACTED] Improvements Act of 1970 (the "Act").

The Acquiror had total assets of \$14.0 million as of December 31, 1998, and revenues of \$68.0 million for the fiscal year ended December 31, 1998. [REDACTED]

The Acquiror is currently discussing with the Target Parent the purchase of substantially all of the operating assets of the Target for a cash price that consists of various components totaling \$9.9 million. In addition, the Target Parent has proposed that the Acquiror acquire Target's accounts receivable existing as of the closing date for an additional cash price payable at closing, subject to adjustment pursuant to the risk-retention arrangement described below. The Acquiror has indicated that it may be prepared to do so, provided that the acquisition of the accounts receivable not trigger the requirement to file a Premerger Notification under the Act. We respectfully seek your concurrence in our position that the purchase of the accounts

receivable, as structured by the parties and described below, together with the purchase of the assets, will not trigger the Act's Premerger Notification requirement.

accounts receivable will equal the greater of (a) 75% of the carrying value of the accounts receivable on the closing date, or (b) the carrying value of the accounts receivable under 60 days on the closing date, but in no event greater than \$5.0 million. For example, based on figures provided by the Target as of September 23, 1999, the carrying value of the Target's accounts receivable under 60 days was approximately \$5.3 million, and 75% of the carrying value of the accounts receivable as of that date was approximately \$4.0 million.

since the carrying value of the accounts receivable under 60 days exceeded \$5.0 million.

Under the proposed terms, at closing the Acquiror would acquire the accounts receivable subject to the following provision. On the date which is 90 days following the closing (the "Settlement Date"), the Acquiror and the Target would make the following adjustments.

1. In the event that the accounts receivable collected through the Settlement Date are less than the \$5.0 million payment, the Acquiror would be entitled to retain a face amount of uncollected accounts receivable necessary to

then be assigned to the Target for collection or other disposition for its sole account.

assign to the Target any remaining uncollected accounts receivable for collection or other disposition for its sole account.

Under the arrangement described above, we believe that the Acquiror would only be acquiring beneficial ownership of accounts receivable equal to the \$5.0 million payment, because it would be obligated to remit to the Target

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any amount collected in excess of \$5.0 million. Therefore, we believe that the acquisition price for the accounts receivable attributed to the Acquiror for

might result in total collections of less than the \$5.0 million payment, if the uncollected accounts receivable retained for the purpose of making up the shortfall are not collected in their entirety.

business process, including the accounts receivable payment, for the

Assuming resolution of various other business issues, the parties envision executing a definitive agreement toward the end of this week. Accordingly, we would greatly appreciate your advice on the foregoing matters at your earliest convenience. If you require additional information or

undesignated as [REDACTED]
counsel for the Target, at [REDACTED]

cc: [REDACTED]

AGREE THAT ACQUISITION PRICE DOES NOT EXCEED
\$15 MM. ADVISED CALLED THAT THE BOARD OF
THE ACQUIROR UNIT ALSO DETERMINED THAT THE
FAIR MARKET VALUE OF THE ASSET WILL NOT EXCEED
\$15 MM. IF SO, THIS IS NON-NEGOTIABLE.
N. OVUKA CONCURS.

B. Michael Verna
10/21/99