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This material may be subject to the provisions of Section 7A of the Securities Act while the issuer is a public issuer of securities.

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December 2, 1983

FEDERAL EXPRESS

Patrick Sharp, Esq.  
FEDERAL TRADE COMMISSION  
Pennsylvania Avenue at  
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Washington, D.C. 20580

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Dear Mr. Sharp:

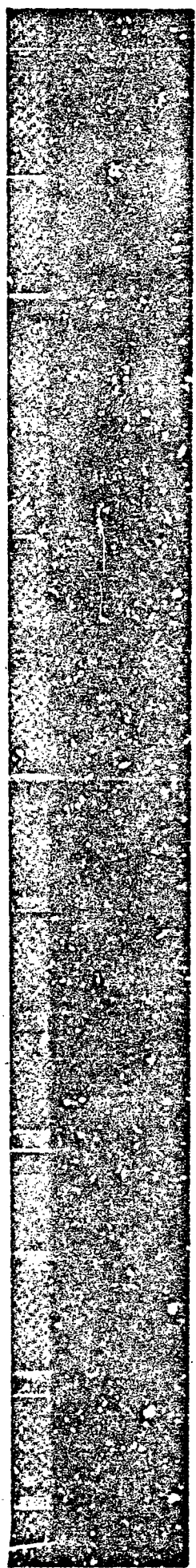
As suggested by you in our recent telephone conversations, I am outlining the proposed transaction as to which there was a question as to whether notification was required under Hart-Scott-Rodino.



A Company (A) and B Corporation (B) each hold less than 50% of the voting securities issued by X Corporation (X). X is engaged in manufacturing and has annual net sales in excess of \$700 million. B has approximately 10 shareholders.

A and B have recently caused H Corporation (H) to be formed for the purpose of acquiring voting securities of X. H is intended to function solely as a holding company. At the present time, H has no assets and has issued no stock.

A, B and B's shareholders have agreed that:

- (1) A will sell certain of its operating assets valued at less than \$1.5 million to X for voting securities of X;
- (2) A will exchange all of its holdings of X stock for voting securities to be issued by H;
- (3) B will sell certain of its operating assets valued at less than \$5 million to X for dollars;
- (C) B will sell certain of its assets valued at less than \$3 million to H for dollars and voting securities to be issued by H;



  
  
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(5) B's shareholders will exchange their B stock for dollars and voting securities to be issued by H; and (6) H will transfer the assets acquired from B to X in exchange for voting securities of X.

All of the above transactions will take place at or about the same time.

The X voting securities acquired and held by H will have a book value of approximately \$13 million. As a result of these transactions and X's redemption, at or about the time of the transactions, of some of its voting securities held by shareholders other than A, B and H, it is expected that H will hold voting securities of X in excess of 80% of the then total issued and outstanding stock of X. No shareholder of H will hold 50% or more of the voting securities of H.

It is expected that X's annual sales in the future will approximate \$1 billion and account for about 3% of the market.

In accordance with our understanding, if it is determined that notification is required, or that the proposed transaction is objectionable on substantive grounds, you will advise me within a day or two.

Very truly yours,  
