[redacted] [redacted] [redacted]

October 10, 1984

Mr. Andrew Scanlon
Room 301
Federal Trade Commission
Washington, D.C. 20580

Re: [redacted]

Dear Mr. Scanlon:

I am writing in response to your telephone call of September 25 relating to my letter of September 20 concerning the application of the premerger notification rules to the acquisition of the assets of a television station by a partnership to be formed (the "Partnership") with a corporate general partner that is owned by our client, [redacted]

In our telephone conversation, you indicated that it was the staff's view that any assets obtained in financing the new Partnership which are not paid out as part of the purchase price of the acquisition would be included as assets in analyzing the size of the person test. I believe it is quite clear that, if there are any such assets, they would have a value far below the $10,000,000 threshold.

Nevertheless, since the financing is complex, it seems advisable to outline to you the basic structure in order to obtain any comments you may have. This structure has not yet been finalized, but I do not expect any material changes.

The purchase price for the assets is $24,250,000. Under the acquisition agreement, this amount is payable $17,000,0000 in cash and $7,250,000 by promissory notes due in five years. Under certain circumstances, which are expected to occur, the amount of cash may be reduced with a corresponding increase in the amount of notes. The buyer is also required to provide certain credit support for a portion of the notes.

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The financing of the new Partnership will involve both debt and equity. The debt will include a $10,000,000 revolving loan which will convert to term in 2 years. The entire amount of this loan is expected to be drawn and paid as part of the purchase price. (The amount of this loan will likely be reduced if the amount of cash required to be paid at closing is reduced.) The bank will also provide a $4,000,000 letter of credit which will be issued to the seller to secure the promissory note.

The equity to be raised is expected to be $7,000,000, of which $3,500,000 will be payable initially and $3,500,000 in notes payable in installments over the next three years. The $3,500,000 in cash will be used to pay the purchase price. The $3,500,000 in notes will be pledged to the bank to secure a "staged equity" loan of somewhat less than $3,500,000 which will in turn be used to pay the remainder of the purchase price payable in cash at closing.

The equity participants will also be required to provide letters of credit or guarantees to secure an additional $4,000,000 of the Partnership's notes to the seller.

In summary, all of the cash to be obtained by the Partnership will be paid as part of the purchase price, consisting of the following:

(1) Revolver/Term Loan - $10,000,000;

(2) "Staged Equity" Loan - approximately $3,500,000; and

(3) Cash Contribution by Equity Participants - $3,500,000.

The only other consideration received by the Partnership includes:

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(1) The letter of credit from the Bank and the letters of credit or guarantees of the equity participants, all of which will be provided to the seller to secure the notes given as part of the purchase price; and

(2) The notes provided by the equity participants to evidence their deferred capital commitment, which will be pledged to secure the staged equity loan, the proceeds of which will in turn be used to pay the purchase price.

It is expected that the Partnership will obtain a line of credit for working capital purposes. This line is expected to be initially secured by the accounts receivable being purchased as part of the acquisition. It is expected that no amount will be drawn on this line before closing.

I believe, on the basis of the foregoing, that all of the assets to be received by the Partnership before closing will be used to pay the purchase price and, therefore, the size of the person test will not be satisfied.

I understand that, if this is inconsistent with your understanding, or if you are in need of further information, you will give me a call at 716/546-8000.

I thank you again for your assistance.

Very truly yours,

[redacted]

[redacted]