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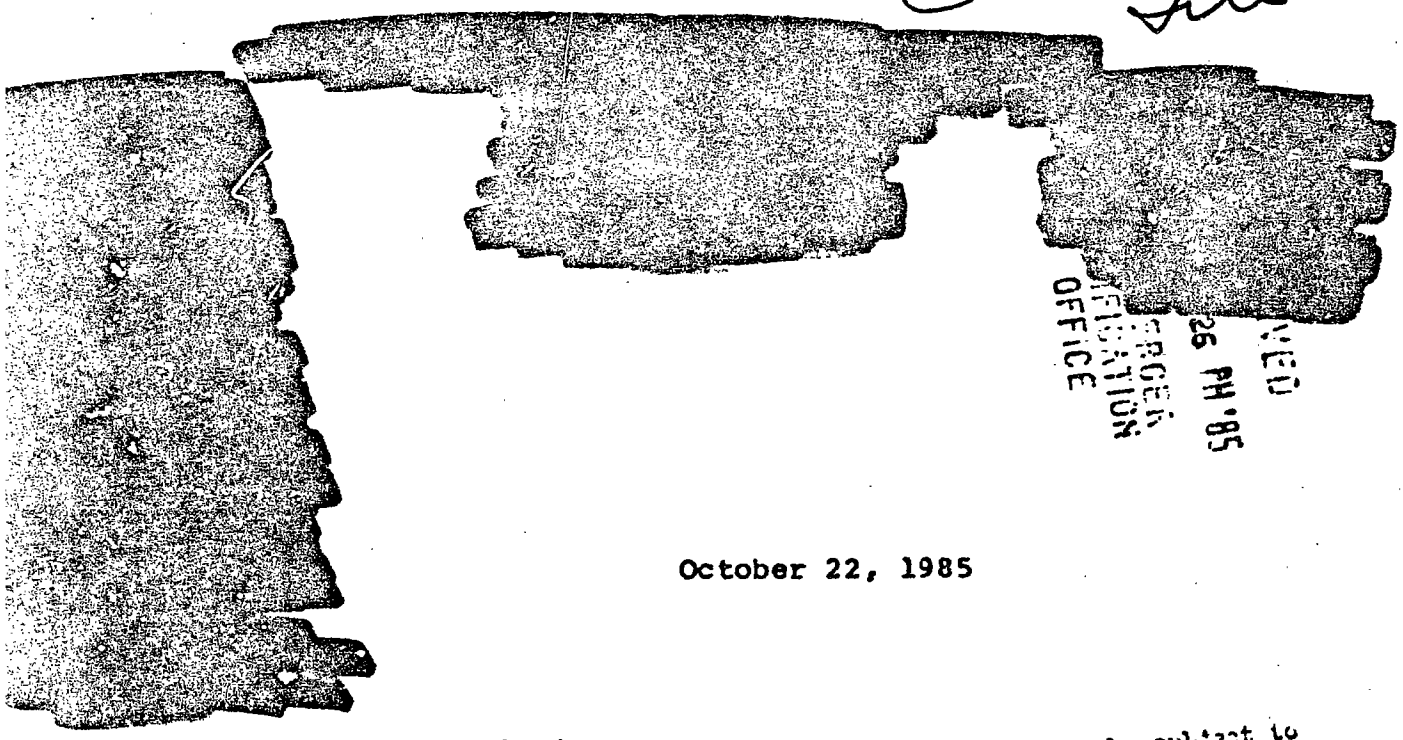

October 22, 1985

Federal Trade Commission
Room 301
Washington, D.C. 20580

This material may be subject to the confidentiality provisions of Section 7A(h) of the Clayton Act which restricts disclosure under the Freedom of Information Act.

Attention: Mr. Andrew Scanlon
Compliance Specialist

Dear Mr. Scanlon:

Pursuant to our telephone conversations of August 16, 1985 on the subject of the transaction outlined in my letter to you of August 9, 1985, this letter will supply the further clarification that you requested to support the conclusion that no step in the transaction is subject to filing under the Hart-Scott-Rodino Act.

Despite the elapsed time and the perhaps unusually large number of steps, this is all one "deal," the purpose of which is to effect the acquisition of C Corporation, the $100,000,000 entity and E Corporation, the only other "operating" entity and one which is substantially smaller than $10,000,000. The "three wave" phenomenon (Step 1: July, 1984; Steps 2, 3, 4: April, 1985; Steps 5-10: closing date in near future) and, in fact, my delay in sending this follow-up letter, have been caused by the

complexities encountered in negotiating the financing and terms of the deal. Without those complications, the elapsed time, the number of "players" and the number of steps would all have been reduced and the transaction would have presented a more traditional aspect.

All of the steps, including the formation of the different corporate and partnership entities, have been taken to achieve the optimal tax and accounting treatments. D Corporation will be formed to accomplish the financing and allow for equity participation. D Corporation's acquisition of A Corporation will be necessary to permit the reverse triangular merger contemplated by Step 8. F Partnership, which figures in Steps 9 and 10, will be formed 1) to permit the acquisition of the assets of C Corporation while avoiding the recapture of inventory, LIFO, depreciation and similar items, and 2) to allocate income and loss to the partners for tax purposes. Until and unless there is a closing, A Corporation, D Corporation and F Partnership will have no meaningful existence: they will merely be "shells."

The investors in the entities that have been or will be formed are as follows:

1. A Corporation - To date A Corporation has issued 1,000 shares of stock to D Corporation and received $1,000 as a capital contribution. On the closing date it will receive an additional capital contribution from D Corporation which will supplement the acquisition-related borrowing and will be less than $10,000,000.

2. B Partnership - The partners are one individual investor, a partnership consisting of 5 individuals, and a corporation which is a wholly-owned subsidiary of a foreign investment company.

3. D Corporation - Will be capitalized by individual investors (one of whom is the individual investor in B Partnership), the corporation which is a partner of B Partnership and financing institutions. No person will own more than 50% of its stock or otherwise exercise control.

4. F Partnership - Prior to the merger in Step 8, the partners will be A Corporation and two financing institutions. After the merger, C Corporation, as the surviving entity, will be substituted as a partner.

On the questions of control, ultimate parenthood, and size of the person tests:

1. Step 3: Acquisition by B Partnership of shares of C Corporation (4/11/85). As set forth in my earlier letter, B Partnership is to be considered its own UPE. C Corporation was not controlled by any entity and was its own UPE. B Partnership had assets under $10,000,000; C Corporation had assets over $100,000.00.

2. Step 6: Acquisition by D Corporation of 100% of the Shares of A Corporation. D Corporation will not be controlled and thus will be its own UPE. It will be capitalized at under $10,000,000.

3. Step 7: Acquisition by A Corporation of 100% of the Shares of E Corporation. D Corporation will be the UPE in the person that includes D and A Corporations. Their combined assets will be under $10,000,000. (E Corporation also has assets under $10,000,000).

4. Step 8: Merger of A Corporation and C Corporation. The "D/A" person, of which D Corporation is the UPE, has assets under $10,000,000, even including the addition of assets from E Corporation.

5. Step 10: Assignment of C Corporation Assets to F Partnership. The F Partnership will be its own UPE and will have assets under $10,000,000 prior to its acquisition of the assets of C Corporation.

The only other point of substance we touched upon was Step 11: Exercise by B Partnership of Option to Purchase Shares of C Corporation. It is my understanding that if Steps 5-10 fall through and the option is exercised, no filing will be required, essentially because Steps 3, 4 and 11 will be considered one transaction. The reason for this approach is that B Partnership was formed purely for the purposes of the overall transaction and has no regularly prepared balance sheet.

I understand from your office that you will be enjoying vacation until October 28. Should you have any questions, I can be reached at [redacted]

Many thanks for your continued attention to this matter.

Sincerely yours,

[redacted]