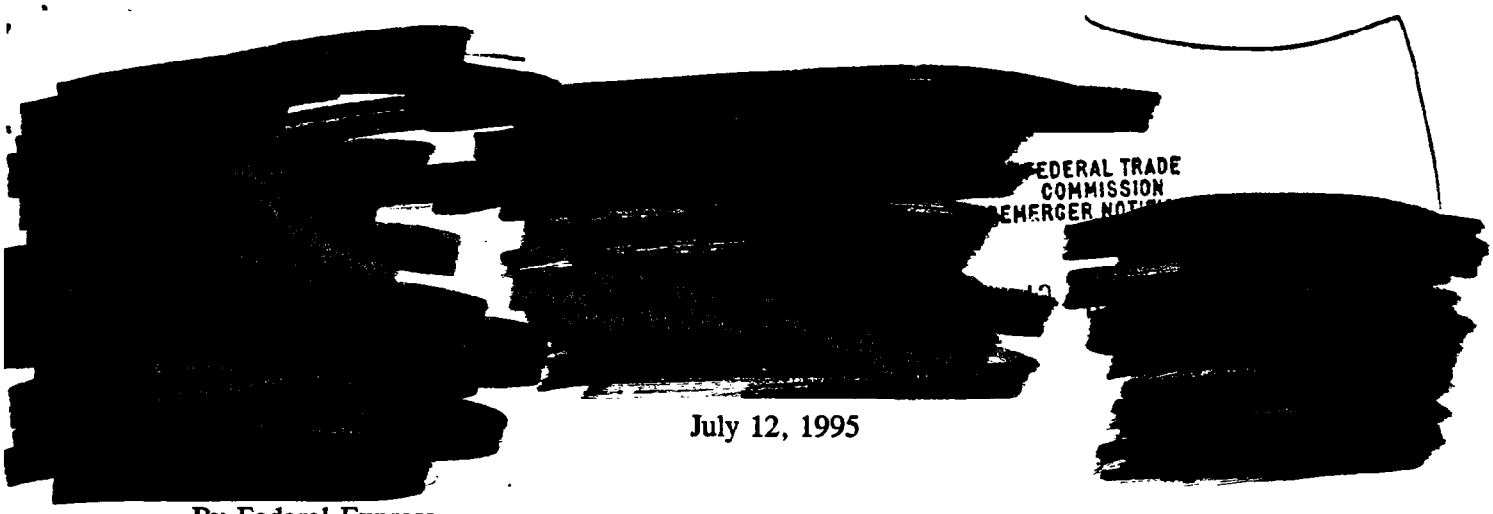

July 12, 1995

By Federal Express

Hy David Rubenstein, Esq.
6th Street & Pennsylvania Ave.
Premerger Notification Office
Bureau of Competition
Room 301
Federal Trade Commission
Washington, DC 20580

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

Dear Mr. Rubenstein:

Pursuant to our telephone conversation last week with respect to the transaction further described below, I am writing to confirm your conclusion that the transaction is not reportable for purposes of the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (the "Act"). As we discussed, the transaction involves the reorganization of a closely-held Delaware corporation ("Corporation P") that is controlled by an individual ("Father") and the merger of a wholly-owned subsidiary of Corporation P ("Acquisition") with a publicly-traded corporation ("Corporation S"). Corporation P currently possesses voting securities entitled to elect more than 50% of the directors of Corporation S.

Corporation P currently has three classes of capital stock outstanding: Series A Preferred Stock, Series B Preferred Stock and Common Stock. Father owns 100% of the outstanding preferred stock. Father has five adult children who, together with a trust for the benefit of one of the children, own in the aggregate 100% of the outstanding Common Stock of Corporation P.

The holders of the Series A Preferred Stock and the Common Stock of Corporation P are entitled to one vote per share with respect to the election of directors of Corporation P, and these two classes vote together -- not as separate classes -- for directors. The holders of Series B Preferred Stock are not entitled to vote with respect to the election of

directors of Corporation P. Cumulative voting is provided for under the Certificate of Incorporation of Corporation P. Currently the Board of Directors of Corporation P consists of six members. There are currently 11,000 shares of Series A Preferred Stock of Corporation P outstanding and 9,375 shares of Common Stock of Corporation P outstanding. Thus, Father controls Corporation P for purposes of the Act because he owns 53% of Corporation P's outstanding voting securities.

Corporation S has two outstanding classes of common stock. Class A Common Stock has the right to elect 25% of Corporation S's directors. Class B Common Stock has the right to elect 75% of Corporation S's directors. Corporation P owns approximately 20% of the outstanding shares of Class A Common Stock of Corporation S and approximately 70% of the outstanding Class B Common Stock of Corporation S. Therefore, Corporation P controls Corporation S for purposes of the Act. 801.12-(b)(1) 57.5%

Father and his children will form a limited partnership that will own all of the outstanding Series A Preferred Stock and Series B Preferred Stock of Corporation P and a majority of the outstanding Common Stock of Corporation P. A newly-formed corporation, 100% of the stock of which is owned by Father, will serve as the sole general partner of the limited partnership. The remainder of the outstanding Common Stock of Corporation P will continue to be owned by the children of Father and a trust for the benefit of one of the children. As we discussed, the formation of the limited partnership is not reportable for purposes of the Act.

Upon formation of the partnership, and by virtue of the cumulative voting provisions contained in the Articles of Incorporation of Corporation P, the partnership will have the right to elect all of the directors of Corporation P. Father will be the ultimate parent entity of the partnership because he will have the present right to receive more than 50% of the profits from the partnership. No individual will have the right to receive 50% or more of the assets of the partnership on dissolution. Following the formation of the partnership and in connection with the merger of Acquisition and Corporation S, the capital stock of Corporation P will be recapitalized pursuant to an amendment to Corporation P's Certificate of Incorporation. As a result of the recapitalization, Corporation P will have Class A Common Stock and Class B Common Stock outstanding and no preferred stock outstanding. The Class A Common Stock of Corporation P will be entitled to elect 25% of Corporation P's directors, and the Class B Common Stock of Corporation P will be entitled to elect 75% of Corporation P's directors. The partnership initially will hold all of the outstanding Class B Common Stock. The children of Father will own a majority of the outstanding Class A Common Stock, with the partnership

[redacted]

owning the remaining outstanding Class A Common Stock. Therefore, immediately following the recapitalization, the partnership will be entitled to elect 75% of the directors of Corporation P and the children of Father will be entitled to elect 25% of the directors of Corporation P.

All of the children are adults, and none of the children individually will receive more than $15 million worth of voting securities of Corporation P or more than 15% of the outstanding voting securities of Corporation P as a result of the recapitalization. As indicated, both before and immediately after the recapitalization, the partnership will hold more than 50% of the outstanding voting securities of Corporation P and will have the right to elect more than 50% of the directors of Corporation P.

Concurrently with the recapitalization of Corporation P, Corporation P will form Acquisition, and Acquisition will be merged into Corporation S. Corporation S will become a wholly-owned subsidiary of Corporation P and the holders of the shares of Class A Common Stock and Class B Common Stock of Corporation S, other than Corporation P, will receive an equivalent number of shares of Class A Common Stock and Class B Common Stock of Corporation P. Father and his children also hold shares of Corporation S directly or in trust and will receive additional shares of stock of Corporation P as a result of the merger.[1] As a result of the merger, Father and one or more children will hold voting securities of Corporation P having a value in excess of $15 million.

The two potentially reportable acquisitions of voting securities as a result of the transaction described above are: (1) the acquisition of newly issued voting securities of Corporation P by Father (through control of the partnership) as a result of the recapitalization of Corporation P and (2) the acquisition by Father (individually) and certain children of the voting securities of Corporation P as a result of the merger of Acquisition and Corporation S. However, as we discussed, neither of these acquisitions should be reportable under the Act because each acquiring party will in fact have less control following the consummation of the transaction than such party had immediately before the transaction.

As we discussed, the acquisition of voting securities of Corporation P by Father and the children as a result of the merger should be exempt under Section 7A(c)(10) of the Act. Prior to the merger, Father will hold more than 90% of the outstanding voting securities of Corporation P by virtue of his control of his partnership. Because the "public" shareholders of Corporation S will receive a larger number of voting securities of Corporation P issued in

connection with the merger than Father, the percentage of Father's ownership interest in Corporation P will not increase. In fact, his percentage ownership in Corporation P will be reduced. Therefore, the exemption contained in Section 7A(c)(10) should apply to that transaction. With respect to the individual children, their percentage ownership in Corporation P likewise will be reduced.

With respect to the recapitalization of Corporation P, the recapitalization is an integral and necessary step for the merger of Acquisition and Corporation P that will occur contemporaneously with the merger. The recapitalization will not occur without the merger and the merger cannot be accomplished without the recapitalization. Therefore, the recapitalization and the merger should be viewed as one transaction. As indicated above, the percentage of Corporation P stock held by Father, individually and by virtue of his control of the partnership, will decrease as a result of the merger. Therefore, viewing the recapitalization as part of a single transaction, the Section 7A(c)(10) exemption should apply.

Additionally, as a result of the recapitalization, Father's actual control of Corporation P will decrease. Prior to the recapitalization, the Partnership can elect all of the directors of Corporation P. Following the recapitalization the partnership will only be entitled to elect 75% of the directors. Therefore, even if the recapitalization could be separated from the merger, the Act should not apply to a transaction in which actual control as evidenced by the right to elect directors is decreased.

The parties desire to consummate the transaction prior to September 5, 1995. Please confirm to me that the transaction is not reportable under the Act. If you have questions or need additional information, please contact me a[redacted]

Very truly yours,

[redacted]

[redacted]

[redacted]

26 July 95:
Called Walther to
confirm letter