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From: Heyman, Scott J. [<mailto:sheyman@Sidley.com>]

Sent: Wednesday, February 24, 1999 11:18 AM

To: 'Paull Mines'

Subject: PPWG

Paull, I will not be able to participate in the conference call today because a conflict has arisen. I also share the concerns expressed by Jeff Friedman and Karen Boucher regarding the timing of the process. This is moving much too quickly to give these issues the thoughtful consideration they deserve. This really needs to be a long-term deliberative process. Unless the process is slowed down considerably, I too, may choose not to participate. In the meantime I offer the following definition from Illinois, which relates to the presumptions and addresses some of the concerns about over-breadth that were expressed on last week's calls:

IITA s. 1501(a)(28) provides in pertinent part:

"The term "unitary business group" means a group of person related through common ownership whose business activities are integrated with, dependent upon and contribute to each other. ... Unitary business activity can ordinarily be illustrated where the activities of the members are: (1) in the same general line (such as manufacturing, wholesaling, retailing of tangible personal property, insurance, transportation or finance); or (2) are steps in a vertically structured enterprise or process (such as the steps involved in the production of natural resources, which might include exploration, mining, refining, and marketing); and, in either instance, the members are functionally integrated through the exercise of strong centralized management (where, for example, authority over such matters as purchasing, financing, tax compliance, product line, personnel, marketing and capital investment is not left to each member)."

This definition obviously does not address diverse businesses, but it does suggest that two or more businesses should not be treated as unitary merely because any one of the presumptions suggested last week has been met.

Scott Heyman