



F.I. 15
802.51

April 23, 2001

VIA FACSIMILE AND EXPRESS COURIER

Mr. Michael Verne
Federal Trade Commission
Premerger Notification Office
600 Pennsylvania Avenue, N.W.
Washington, D.C. 20580

2001 APR 23 P 4: 09
FEDERAL TRADE COMMISSION
PREMERGER NOTIFICATION
OFFICE

RE: HSR Analysis of LLC Buyout

Dear Mike:

Thank you for taking the time to speak with [redacted] and me last Friday regarding the HSR analysis of an LLC buyout. This letter will summarize the facts and analysis that we discussed in mutually concluding that no HSR filing would be required. I have attached to this letter a copy of the diagram that we discussed on Friday. I have slightly modified the diagram from that discussed on Friday to clarify that Company A is a foreign issuer.

The transaction involves Company A Sub #2's acquisition of Company B's interest in LLC. As a result of that acquisition, Company A Sub #2 will hold 100% of the LLC interests. Under Formal Interpretation 15, Company A is treated as acquiring all of the assets of the LLC. The issues we discussed involved the three classes of "assets" that the LLC currently holds. A description of these assets, and the HSR analysis with respect to each, follows:

1. LLC holds 125,000 non-voting common shares (which we assumed for our analysis are valued in excess of \$50 million) of U.S. Issuer. As we mutually concluded on Friday, Company A need not evaluate its acquisition of this class of "asset" for the purposes of its HSR determination as the acquisition of non-voting common shares is not an HSR reportable event.
2. LLC may also hold debt securities in third parties. We mutually concluded that Company A would not need to analyze its acquisition of this class of "asset" for purposes of its HSR determination because the acquisition of debt securities is not an HSR reportable event.



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3. LLC holds 100% of the voting securities of LLC Sub. LLC Sub is a foreign corporation. Voting securities are a potentially reportable class of "asset", however, we asked you to assume that the value of 100% of LLC Sub's voting securities is less than \$50 million. Assuming the validity of this assumption, the acquisition of 100% of LLC Sub's voting securities is not an HSR reportable event. We also discussed whether a potential second basis for not reporting the acquisition of LLC Sub's voting securities exists. Specifically, the possibility that the acquisition of LLC Sub (a foreign corporate issuer) would be exempt under the foreign issuer exemption. We concluded that, since Company A is a foreign issuer and LLC Sub is a foreign issuer, Company A's acquisition of LLC Sub would be exempt unless LLC Sub has U.S. assets (other than investment assets, voting or non-voting securities of another person) with an aggregate book value of \$15 million or more. See 16 C.F.R. §802.51(b)(1).

4. We also discussed whether there was a possibility that Company A would be making a secondary acquisition of Foreign Corporate Issuer by acquiring 12.5% of its voting securities. We concluded that, since Company A is a foreign person, its acquisition of a minority holding in Foreign Corporate Issuer is exempt, and need not be analyzed further. See 16 C.F.R. §802.51(b).

In summary, of the three classes of "assets" being acquired, the only potentially reportable class of assets or voting securities being acquired is the interest in LLC Sub. As long as those voting securities are valued at less than \$50 million, no HSR filing is necessary in this transaction.

Again, thank you for your time in discussing this matter on Friday. We intend to advise our client that it may proceed with this transaction without an HSR filing based on our analysis and our discussion on Friday. If you have any questions about this letter, please advise me as soon as possible as we will be proceeding without filing based upon our discussion with you.

[Redacted signature block]

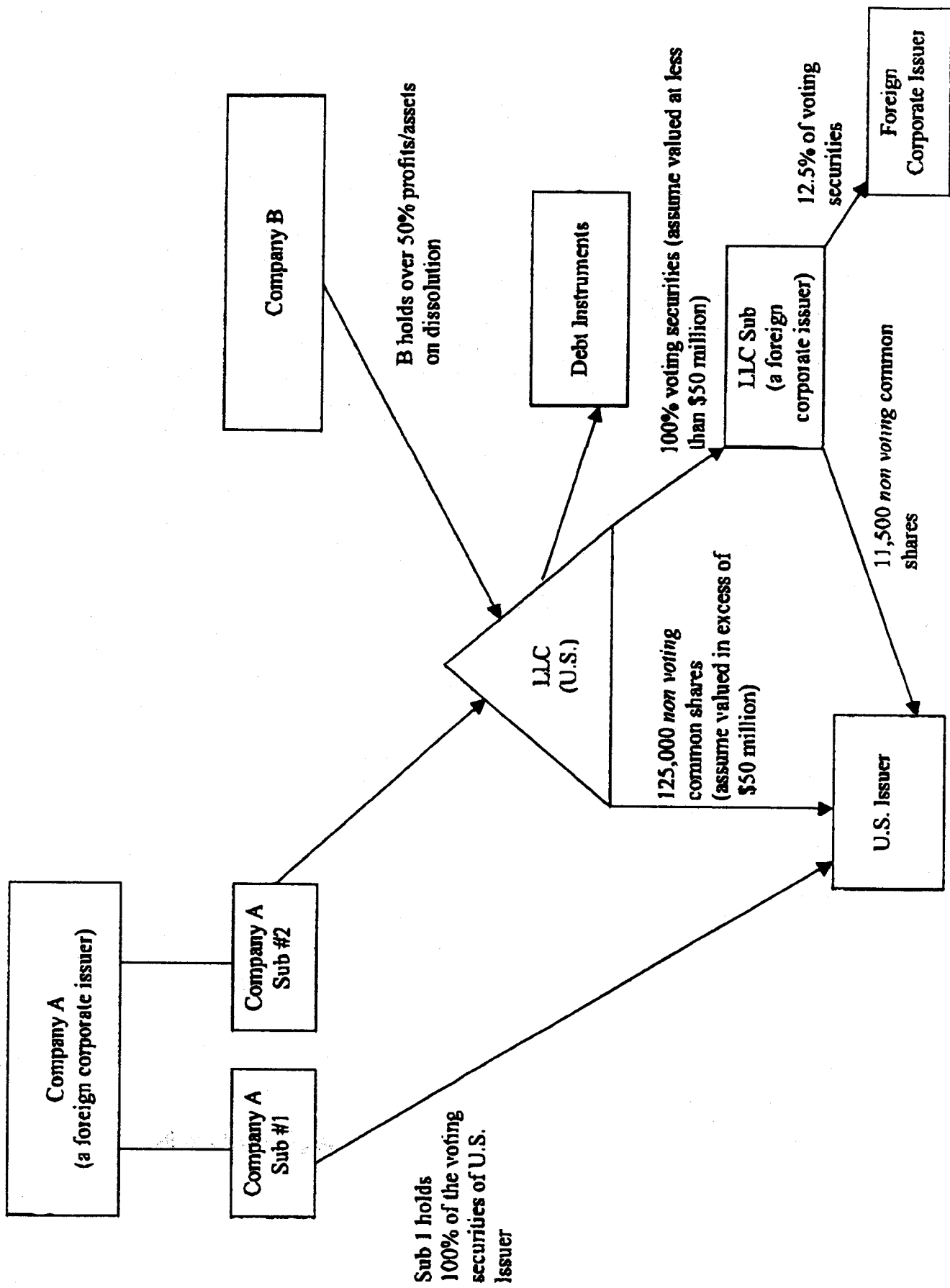
Attachment

cc:

[Redacted recipient list]

AGREE.

Michael Verne
4/24/01



Event: Company A Sub 2 will acquire Company B's interest in the LLC for in excess of \$50 million.