7A(c)(1)

[redacted]

November 21, 2001

Mr. Michael Verne
Premerger Notification Office
Federal Trade Commission
6th Street & Pennsylvania Avenue, N.W.
Washington, D.C. 20580

Re: Application of Ordinary Course Exemption

Dear Mike:

I am writing to confirm the advice you gave during our telephone call earlier today. The facts are as follows:

A U.S.-based bank ("U.S. Bank") intends to purchase from a Canadian bank and from one of Canadian Bank's subsidiaries ("Canadian Bank") those organizations' U.S. asset-based lending assets. The transaction is structured as an asset purchase.

Canadian Bank's U.S. Commercial Banking Division (the "Business") is a U.S. commercial lender with a particular focus on asset-based lending. The Business is headquartered in New York City. In addition to its New York office, the Business operates 18 offices throughout the country, staffed by a team of lenders, field examiners and account administrators. At September 30, 2001, the Business had approximately $3.5 billion in asset-based loan commitments to U.S. customers (of which $2.4 billion in loans were outstanding). In addition, the Business had loans made to affiliates of its Canadian customers with an aggregate outstanding balance of approximately $450 million. The Business also offers demand deposit accounts and cash management products, as well as treasury and other lending services to affiliates of its Canadian customers.

U.S. Bank intends to purchase from Canadian Bank approximately $1.8 billion in asset-based loans outstanding to customers in the United States, together with the related loan commitments. U.S. Bank also intends to assume 18 of the Business's 19 office leases, to hire approximately 80-100 of the Business's 231 employees, and to acquire certain furniture, fixtures and equipment located in acquired facilities. U.S. Bank does not intend to assume the Business's lease for the Business' headquarters in New York City.

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It is contemplated that approximately $600 million in asset-based loans made by the Business to customers in the United States, together with related commitments, will be retained by the Business (the "Discontinued Loans"). The Discontinued Loans will be serviced by U.S. Bank pursuant to a Servicing Agreement. At the end of 18 months following the Closing, the Sellers will have the right to put to U.S. Bank those Discontinued Loans remaining, and U.S. Bank will be obligated to purchase such Discontinued Loans.

Canadian Bank will retain its New York office and all of its loans made to affiliates of its Canadian customers. In addition, U.S. Bank understands that Canadian Bank will retain its demand deposit accounts, cash management products, treasury and other lending services made to affiliates of its Canadian customers, as well as certain real estate assets and furniture, fixtures and equipment located in its New York facility.

Canadian Bank has agreed that for a period of three years following the closing date it will not make loans within the United States of the type sold to the U.S. Bank.

We asked whether U.S. Bank's purchase of the Business would be exempt as "an ordinary course of business" transaction under 15 U.S.C. § 18a(c)(1) and 16 C.F.R. § 802.1. You agreed that this transaction would be viewed as being in the ordinary course of business because Canadian Bank will continue to service loans made to affiliates of its Canadian customers. Accordingly, there will be no Hart-Scott-Rodino filing required either in connection with the closing of the proposed transaction or in the event that the put is exercised.

Please let me know as soon as possible if I have misunderstood your conclusion regarding the non-reportability of the above-described transaction. As always, thank you for your assistance.

Sincerely,

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AGREE -

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11/26/01