

Rule(s): 801.2
Staff: Michael Verne
Response: Advised writer that this is the correct analysis (N. Ovuka concurs) B. Michael Verne 3/15/02
File #: 0203007

TELECOPY COVERSHEET

TO: MR. MICHAEL VERNE
Federal Trade Commission

FAX#: 202-326-2624
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RE: HSR Filing Requirements for Pro used Transaction

Mr. Verne, attached is a chart that shows the organizational structure of two UPE's (A & and their subsidiaries that are discussing a transaction. As shown on the chart, corp,'s A and B each currently holds 50% of partnership P which has no assets other than some cash and its membership interests in LLCx and LLCy. LLCx and LLCy are ongoing businesses with operating assets. The two-step transaction is as follows:

1. A2 would acquire a partnership interest in P, which has the effect of reducing B's partnership in P to less than 50%.
2. P redeems B's partnership interest in P through a distribution to B of P's 20% interest in LLCy.

As a result of the transactions, A holds indirectly 100% of LLCx's membership interests; and B hold; directly or indirectly 100% of LLCy's membership interests.

Our tentative conclusion is that due to the "roll-up's" of LLCx and LLCy, A, as acquiring and acquired, makes an HSR fling with respect to its acquisition of the assets of LLCx, and B, as acquiring and acquired, makes an HSR filing with regard to its acquisition of the assets of LLCy, A's acquisition, through P's redemption of B's partnership interest, of all of the partnership interests of P, which has nn operating assets, Is disregarded.

We would appreciate the opportunity of consulting with you to confirm our analysis. We will give you a call this afternoon (maybe around 2PM) with the hope that you will have time to provide your insight. My email address is below if you would like to suggest a time more convenient for you.

Structure

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