

Ovuka, Nancy M

801.10

From: [REDACTED]  
Sent: Monday, June 02, 2003 4:25 PM  
To: Ovuka, Nancy M  
Subject: For your review

The following is for your review per our conversation.

I am happy to confirm that I have had the following discussion with Nancy Ovuka of the Premerger Notification Office:

I began by explaining that the statutory size-of-person and commerce tests are met. The buyer would purchase equipment lease financing entities for a price equal to the aggregate net book value of the leasing contracts, plus an adjustment of not more than \$12.2 million. The seller holds title to the underlying equipment as collateral for the leases, so the buyer would also be acquiring title to the underlying equipment. Most of the leases are seven year leases and the value of the equipment upon lease expiration is very low. The buyer is requiring that one of the sellers purchase each piece of equipment as it comes off lease for \$1.00 so that the buyer will not have to be bothered with picking up the equipment at the customer's premises. This seller estimates that the maximum value of all of the equipment upon lease termination is several million dollars because the equipment will be obsolete.

Ms. Ovuka said that the transaction does not meet the \$50 million Hart-Scott-Rodino size-of-transaction test because the value of the transaction for Hart-Scott-Rodino purposes is the premium being paid for the leases -- \$12.2 million at most -- plus the residual value of the equipment.

Confirmed advice <sup>6/3</sup>  
by telephone  
nmo  
MV concurs