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Verne, B. Michael

From: [REDACTED]
Sent: Monday, April 18, 2005 1:47 PM
To: Verne, B. Michael
Subject: HSR Query

[REDACTED]

Mike, allow me to run a JV question by you to see if the following transaction is reportable:

The transaction is between ABC Corporation and XYZ LLC. ABC Corporation with worldwide sales & assets in excess of US\$1 billion will set up a subsidiary (Newco) as an LLC or corporation. Newco will then buy all of the assets of XYZ LLC for a purchase price valued at US\$18 million paid as follows: US\$7 million in cash and 33.3% interest in Newco.

The two transactions I see are as follows:

- (1) The acquisition by Newco of the assets of XYZ LLC would only be reportable if the value of those assets exceeds US\$53.1 million.
- (2) Regardless of whether Newco is an LLC or corporation, the acquisition by XYZ LLC of a 33.3% interest Newco is reportable only if, as a result of the transaction, the shares/interests of Newco held by XYZ LLC exceed US\$53.1 million.

I would be grateful if you could confirm that my understanding of the analysis is correct.

Regards,
[REDACTED]

[REDACTED]

(1) AGREE
(2) CORRECT FOR CORPORATION.
IF NEWCO IS AN LLC, 33.3%
WOULD NOT BE REPORTABLE
REGARDLESS OF VALUE.

B. Michael
4/19/05