From:
Sent: Wednesday, December 13, 2006 1:21 PM
To: Verne, B. Michael
Cc:
Subject: 801.2(d) Question

Mike, we have a question concerning a large reorganization among
several related non-stock membership corporations that we are
analyzing as a as a 801.2(d) consolidation:

A, B and C are restructuring under an upstream Newco (a newly-formed
corporation). A, B C are their own UPEs and are all non-stock
membership corporations. A and B are members of C. The structure of
the transaction has not yet been determined, but A, B and C will
become subsidiaries of Newco. A will likely remain a non-stock
membership corporation and Newco will hold all governance and economic
rights of A. B and C will likely convert to corporations so that both
entities will be wholly-owned subsidiaries of Newco.

A, B and C have a significant number of members, none of whom control
A, B, or C. All members of A, B, and C will receive shares of Newco
as part of the consolidation. We expect that A, B and C will file as
both acquired and acquiring persons under 801.2(d).

1. Can you confirm that this transaction should be reported as a 801.2
(d) consolidation?

2. As part of the consolidation, the members of A, B and C will
receive voting securities of Newco. Will the members of A, B and C
also have to file if all thresholds are met? Since A, B and C have
many overlapping members, this could mean numerous extra filings.

Feel free to call if you have any questions.

Thanks,

I agree that this should be reported as a consolidation. A, B and C will each file as both
acquiring and acquired persons. Pursuant to 803.9(b) there will be only one filing fee
for those three filings. Yes, any current member who takes back voting securities of
Newco and satisfies the size-of-person and size-of-transaction tests will have a
potentially reportable filing. Each of these backside filings would require an additional
filing fee. Note that they could be exempt under 802.9.   B Michael
12/13/06