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Verne, B. Michael

**From:** [REDACTED]  
**Sent:** Thursday, September 20, 2007 7:15 AM  
**To:** Verne, B. Michael  
**Cc:** [REDACTED]  
**Subject:** HSR Question

Dear Michael,

I would like to confirm that the following licensing arrangement does not constitute the transfer of beneficial ownership of an asset under applicable HSR rules and regulations.

For present purposes, please assume that the requisite size-of-person and size-of-transaction tests would be satisfied.

We have a client that is in the process of negotiating a license agreement for a new compound to treat certain medical conditions. The relevant terms and conditions of the proposed license are set out in the numbered paragraphs below:

1. Subject to certain rights retained by Company Y as described in 3. below, Company X will receive from Company Y an exclusive license to develop, use, import, offer for sale, sell, market, and distribute and promote the compound in the United States, including patent rights and know-how related to the compound;
2. Company X will receive a non-exclusive license to manufacture the compound or have the compound manufactured in or outside of the United States.
3. Company Y will retain the right to manufacture and to conduct certain development of the compound in or outside of the United States, as well as to use the compound for such purposes. Company Y will also retain the option to co-promote the compound with Company X subject to the terms of a co-promotion agreement to be agreed upon between the parties.

Based on informal staff opinions, we believe that the proposed agreement should not trigger HSR notification obligations because Company Y retains manufacturing rights, along with certain co-promotion rights, for the compound in the United States.

We would appreciate confirmation that the situation outlined above would not constitute a reportable event for HSR purposes.

Please feel free to contact me at your earliest convenience if you need further information about this matter.

Regards,

[REDACTED]

[REDACTED]

AGREE NOT REPORTABLE.

BW  
9/20/07

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