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[REDACTED]

WRITER'S DIRECT DIAL:

December 10, 1999

Ms. Nancy Ovuka
Office of Policy and Evaluation *Premerger*
Room 394
Bureau of Competition
Federal Trade Commission
Washington, D.C. 20580

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FEDERAL TRADE COMMISSION
OFFICE OF POLICY AND EVALUATION

Re: Exclusion of Cash and Voting Securities from Valuation of Assets:
Application to a Merger of Mutual Insurers

Dear Ms. Ovuka:

I am writing this letter to confirm our telephone conversation of Thursday, December 9, regarding the valuation of assets for the purpose of determining whether a merger of mutual insurers is a reportable transaction under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (15 USC 18a).

In a previous conversation and on December 9, you indicated that a merger of mutual insurance companies (insurance companies with no issued stock) would be exempt from filing a pre-merger notification under Section 802.20(a) of the FTC Rules, Regulations, Statements and Interpretations under the Hart-Scott Rodino Antitrust Improvements Act of 1976, 16 CFR § 801.1 et seq. (the "FTC Regulations") if the value of the assets to be acquired was determined to be less than \$15 million. In the conversation of December 9, you confirmed that cash and voting securities are excluded from the assets of the acquired person, as set forth in Section 801.21 of the FTC Regulations, when making a value determination under Section 801.10(b), even though the transaction is a merger and not a cash purchase of the acquired person.

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I hope this letter correctly expresses the substance of our conversation. If in your view there is any discrepancy between this letter and our conversation, please contact me immediately. Thank you very much for your advice in this matter.

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cc: [REDACTED]

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