

802.21(b)
802.30

From: [REDACTED]
To: [REDACTED] <mverne@nc.gov>
Date: 10/3/01 1:19PM
Subject: sanity check

Could you back-stop my analysis of the following scenario?

Company wishes to divest itself of one of its subsidiaries ("Subsidiary"). It therefore transfers all of the stock of Subsidiary to individual (natural person) shareholders, one of which is a current Shareholder of Company. I want to focus on the potential HSR Act reporting consequences of Shareholder's acquisition of the stock of Subsidiary, worth in excess of \$50 million (assume SOP tests are met or do not apply).

- 1. If Shareholder holds 50% or more of the stock of Company and receives 50% or more of the stock of Subsidiary, intra-person exemption applies. - YES
- 2. If Shareholder holds 50% or more of the stock of Company and receives less than 50% of the stock of Subsidiary, potentially reportable. - YES, ASSUMING COMPANY HOLDS <50% OF SUBSIDIARY
- 3. If Shareholder holds less than 50% of the stock of Company, potentially reportable no matter how much stock of Subsidiary is received. - YES

Another question: I assume that if a person acquired more than \$15 million but less than \$50 million worth of the stock of Issuer prior to February 1, 2001, statutory tests were met, the transaction was not exempt, and the acquiror failed to file, acquiror needs to make a remedial filing now. Nevertheless, acquiror is free to acquire additional shares of Issuer without filing, so long as the resulting holding is not worth \$50 million or more. (Remedial filing would still be required.) - YES

Suppose the acquiror makes its remedial filing for the \$15 million threshold. What does the transitional version of 802.21 do thereafter? Can the acquiror go up to (but not exceeding) 25% within one year?

CAN GO UP TO (BUT NOT MEETING OR EXCEEDING) 15% WITHIN ONE YEAR.

[REDACTED]

=====
This message may contain confidential and privileged information. If it has been sent to you in error, please reply to advise the sender of the error and then immediately delete this message.
"PLEASE NOTE: Our e-mail and web site address has changed [REDACTED]"
=====

N. OVUKA & M. BRUNO CONCUR.

B. Michael Verne
10/4/01