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Verne, B. Michael

From: [REDACTED]
Sent: Wednesday, June 22, 2005 3:41 PM
To: Verne, B. Michael
Subject: Confirming our conversation of earlier today

B. Michael Verne
Premerger Notification Office

Bureau of Competition
Federal Trade Commission
600 Pennsylvania Avenue, N.W., Room 303

Washington, DC 20580

Re: Hypothetical

Dear Mr. Verne,

This confirms our conversation of today concerning the following hypothetical:

Corporations A and B each have the right to 50% of the profits of Partnership C. B holds its partnership interests in C through B's controlled subsidiary B1. A and B each have separate operating units elsewhere.

A and B are contemplating several transactions, which they are negotiating contemporaneously.

The first transactions concern the reorganization of Partnership C. That reorganization would include the transfer of some of B's partnership interests in C to C and the transfer of some, but not all, of B's remaining partnership interests to A. (Those transfers of partnership interests would not be reportable because A already controls C.) The reorganization would also include an unrelated third party's acquisition from B of the voting securities of B1 (giving third-party a non-controlling interest in Partnership C). In addition, as part of the reorganization, (i) both A and third party/B1 would contribute certain assets to C relating to C's operations and (ii) A and third party/B1 would exchange other assets relating to C's operations. Neither A, B, nor third-party would be acquiring reportable assets or securities in excess of the \$53.1 million size of the transaction threshold.

In a separate transaction, A and B would exchange certain operating units in an asset exchange ("the asset exchange"). Those operating units are separate from and operate in different geographic areas than C. A's acquisition of assets from B, and B's acquisition of assets from A, would exceed the size of the transaction threshold and would be reported based upon a definitive asset exchange agreement between A and B.

The partnership reorganization transactions between B and C and then A and B would be set forth in separate contracts from the asset exchange agreement. The definitive contracts between A and B would not condition the consummation of the reorganization transactions and the consummation of the asset exchange upon each other. The definitive contracts will be executed contemporaneously and the partnership reorganization transactions will close the same day.

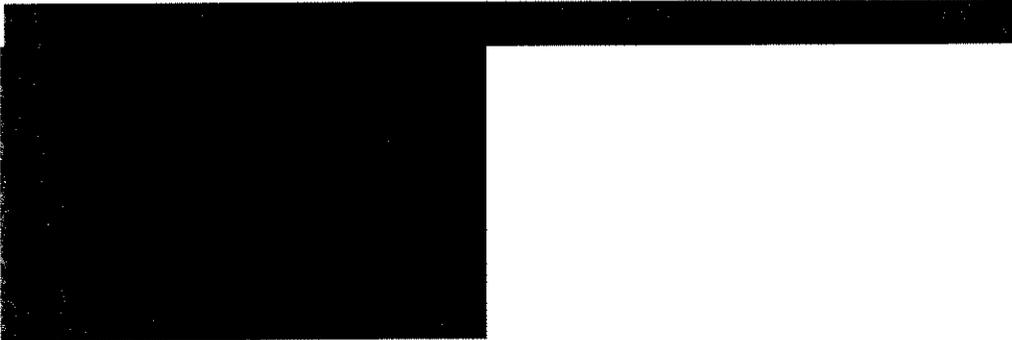
A and B believe there are business benefits to closing the reorganization quickly. Among these benefits are: (1) avoiding a potential disruption in C's business operations, including the effect on its labor force and customers; and (2) permitting A to more quickly implement operational changes in C to enhance C's profitability. Accordingly, A and B intend to first complete the acquisitions involved in the reorganization of Partnership C, and then file HSR notifications for the asset exchange.

You agreed that A and B may complete the acquisitions involved in the reorganization of Partnership C without filing an HSR notification, and then file HSR notifications for the asset exchange.

I would appreciate your confirming that the above is accurate, as my client will be relying on it.

Sincerely,

*Agree -
B. Kuchel
6/22/05*



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