802.2

Verne, B. Michael

From: [redacted]
Sent: Friday, November 18, 2005 12:12 PM
To: Verne, B. Michael
Subject: HSR Question

Mike,

My company is considering a sale of several , tracts of timberland to one or more conservation groups. Most, if not all, of the tracts have generated some revenue over the past 36 months. The revenue is made up of four types of activities: (1) timber cut and sold to our own mills (intra-company revenues); (2) timber cut and sold to third parties (third party revenues); (3) lease revenues from leasing the land to hunting and fishing clubs (lease revenues); and (4) monies received for selling mineral rights to third parties (mineral revenues). I have several questions pertaining to the reportability of the proposed transactions.

First, are intra-company sales counted as a sale under HSR rules, specifically for purposes of analyzing the deals under 802.2(c)(1)?
Second, can I exclude the lease revenues as they pertain to recreational use (see 802.2(f))?
Third, do I aggregate the mineral revenues with third party revenues (and any other required revenues) to determine if the $5 million over 36 months requirement set out in 802.2(c)(1) is met?

Thank you for your assistance.

Regards,

[redacted]

TIMBER CUT AND SOLD TO YOUR OWN PLANTS SHOULD NOT BE INCLUDED. THIRD PARTY, LEASE & MINERAL RIGHTS SHOULD BE INCLUDED. 802.2(F) DOES NOT EXEMPT THE LAND USED BY THE CLUBS.

B. Michael Verne
11/18/05