

801.13

801.14

Verne, B. Michael

From: [REDACTED]
Sent: Friday, April 21, 2006 3:13 PM
To: Verne, B. Michael
Subject: Application of section 801.13

Dear Mr. Verne:

I would appreciate your assistance in resolving the following issue regarding the application of the Size of Transaction Test.

A owns \$50 million of voting stock in Corporation B. A intends to purchase \$10 million of stock in Sub B, a subsidiary of B that is included within the same person as B. Since section 801.13 provides only that in determining the size of the transaction you must include the value of "all voting securities of the issuer which will be held by the acquiring person after the consummation of the transaction," it would be my understanding that A does not need to aggregate the \$50 million of voting shares in the parent with the \$10 million in voting shares in the subsidiary to reach a \$60 million size of transaction. Is that correct? Thank you for your assistance.



You are right that 801.13 references "all voting securities of the issuer", but 801.14 expands that to include "the value of all voting securities of the acquired person". Aggregation of the B and Sub B voting securities is required.

B. Michael
4/21/06