

802.51

Verne, B. Michael

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From: [REDACTED]  
Sent: Monday, August 07, 2006 2:24 PM  
To: Verne, B. Michael  
Subject: Question re 802.51

Mike,

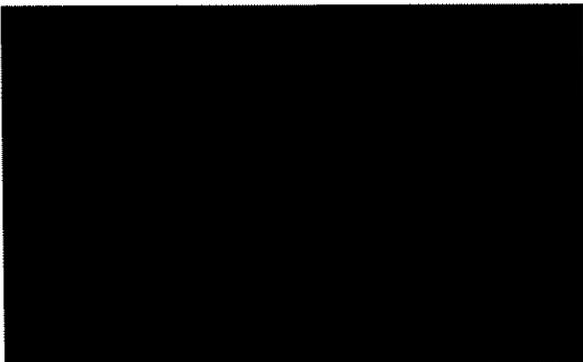
I am seeking clarification on the appropriate method of valuing US assets for purposes of 802.51.

Assume that a US person is buying a non-US entity that has US subsidiaries and some US assets. Based on its most recent annual financials, the target entity has about \$2 million in US sales (this includes sales of parent and all of its controlled entities on an aggregated basis). The most recent regularly prepared balance sheet of the target shows total worldwide assets of only about \$5 million in the US. We are not yet sure whether the parent's most recent balance sheet includes the value of the US assets held by the US subsidiaries. However, I assume that based on the following interpretation, we would NOT look at the book value of the assets on the most recent regularly prepared balance sheet for the parent or for any unconsolidated US entities (under 801.11(c) and b (1)), but the Buyer would instead need to examine the fair market value of the US assets held by the parent and any of its subsidiaries.

<http://www.ftc.gov/bc/hsr/informal/opinions/0506003.htm>  
<<http://www.ftc.gov/bc/hsr/informal/opinions/0506003.htm>>

Please let me know if I have this wrong.

Thank you for your help.



*CORRECT - USE FAIR  
MARKET VALUE  
B. Michael*

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