

Verne, B. Michael

802.2(d)

802.4

**From:** [REDACTED]  
**Sent:** Friday, August 18, 2006 4:43 PM  
**To:** Verne, B. Michael  
**Cc:** [REDACTED]  
**Subject:** Confirmation of HSR Guidance: Exemption For Acquisition of Timeshare Facilities ( §§ 802.2(d), 802.2(e), 802.4)

August 18, 2006

Mr. Michael Verne  
Premerger Notification Office  
Federal Trade Commission  
600 Pennsylvania Ave., NW  
Washington, DC 20580

Re: Exemption For Acquisition of Timeshare Facilities ( §§ 802.2(d), 802.2(e), 802.4)

Dear Mike:

I am writing to confirm the guidance and interpretations you provided to [REDACTED] and me in a telephone conversation on August 2, 2006.

The proposed transaction consists of the acquisition of all of the interests in an LLC that is engaged primarily in the acquisition, development, and marketing of vacation ownership interests, which are commonly known as "timeshares" ("Seller"). The Seller operates a business which sells timeshare intervals under a points-based system, and it markets these vacation ownership interests to consumers who purchase points that give them membership into an owners club. Members of the club have the right to use various timeshare resorts developed by the Seller through an internal exchange reservation system. Members may also exchange their points through an external exchange program, or they may use the points to purchase a variety of products and services offered by Seller, its partners, and its affiliates (such as airline discounts, hotel nights, and car rentals), which together amount to a small fraction of Seller's revenue. Seller administers all aspects of this club program, including the assignment of occupancy rights and providing fulfillment services. Seller also finances the purchase of the vacation ownership interests to consumers, manages resorts, and rents out unused units.

The assets of the Seller consist primarily of three classes: cash and cash equivalents; inventory (that is, unsold units or points); and mortgages and installment contracts receivables associated with the sale of the points.

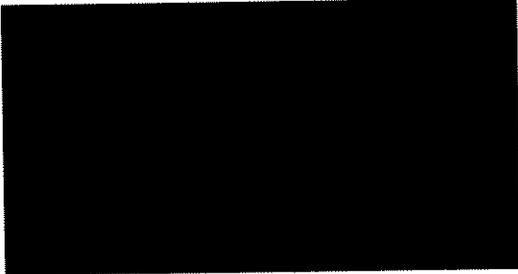
As amended, 16 C.F.R. § 802.4 provides in relevant part: "An acquisition of ... non-corporate interests in an unincorporated entity whose assets together with those of all entities it controls ... consist of assets whose acquisition is exempt from the requirements of the Act pursuant to ... this part 802 ... is exempt from the reporting requirements if the acquired ... unincorporated entity and all entities it controls do not hold non-exempt assets with an aggregate fair market value of more than [\$56.7 million]."

We understand that the premerger notification office staff considers timeshare-related assets such as these to be exempt, either as incidental to the ownership of residential property (under § 802.2(d)) or as incidental to the ownership of a hotel or motel (under § 802.2(e)). Therefore, as long

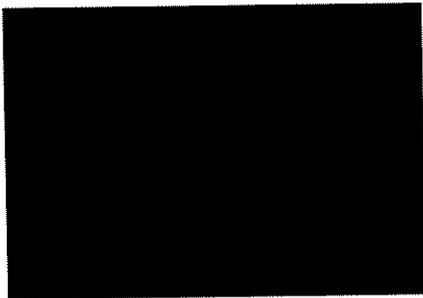
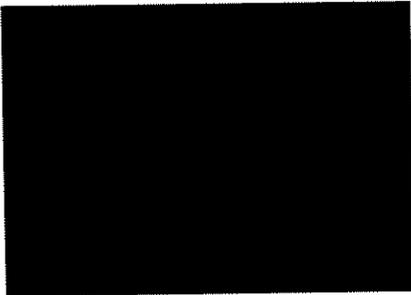
As the Seller does not have non-exempt assets with an aggregate fair market value of \$56.7 million or more, the proposed acquisition would be exempt from HSR reporting requirements under Rule 802.4.

Please confirm that you agree with these conclusions and that we have correctly understood your advice. Thank you for your kind assistance.

Sincerely,



AGREE -  
B. Michael W  
8/28/06



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