

801-00

Verne, B. Michael

From: [REDACTED]
Sent: Thursday, October 05, 2006 7:16 PM
To: Verne, B. Michael
Cc: [REDACTED]
Subject: Fw: Follow-up questions

Mike,

I represent the buyer ("Y") in the transaction described in [REDACTED] email below and have the following question which affects the level of filing fee to be paid for this transaction.

The transaction will be financed in part through the incurrence by LLC X of approximately \$900 million of bank debt and in part through an equity investment of approximately \$320 million by Y. As a result of the transaction, X will receive a cash payment of approximately \$1.2 billion, part of which will be generated by LLC X's additional borrowing and part by Y's investment. As a result of the transaction, Y will hold a 52% interest in LLC X and X will retain a 48% interest in LLC X. The value of the interests to be held by Y in LLC X as a result of this transaction is approximately \$320 million and the value of the interest to be retained by X is approximately \$300 million.

What is the correct way to value this transaction for HSR purposes? Can we exclude the debt incurred by the target company (LLC X)?

Many thanks in advance for your guidance.

Regards,

[REDACTED]

AGREE -
Blanchard
10/5/06

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[REDACTED]

[REDACTED]

-----Original Message-----

From: Verne, B. Michael [mailto:MVERNE@ftc.gov]