

801.10

Verne, B. Michael

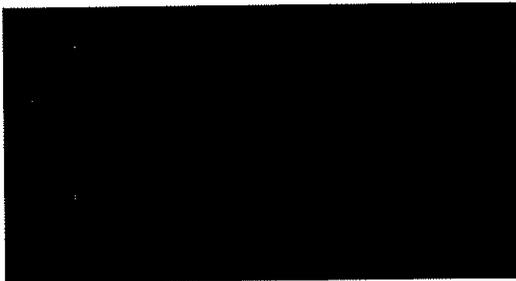
---

From: [REDACTED]  
Sent: Thursday, January 25, 2007 11:28 AM  
To: Verne, B. Michael  
Cc: [REDACTED]  
Subject: HSR question

Dear Mr. Verne:

I am writing to ask your advice on an HSR issue facing one of our clients. The client is contemplating the sale of subsidiary corporation for approximately \$10 million in cash. Pursuant to the proposed sale agreement, as a condition to the closing of the sale, the buyer would be required to pay off the existing indebtedness of the subsidiary, which totals approximately \$140 million (this debt was not guaranteed in any way by the parent or any affiliate of the ultimate parent entity of the acquired person). Would the amount of the debt being paid off at the closing be included in the "acquisition price" for purposes of determining whether an HSR filing is required? Would the answer to this question depend on whether or not the debt being paid off was owed to the ultimate parent entity of the acquired person?

Thank you very much for any guidance you can give me on this issue.



---

If it is a voting securities deal, the debt would not be included in the acquisition price. It doesn't matter whether the debt is owed to the UPE or a third party creditor.

*mu*  
1/25/07