

802.2(e)
802.4
801.10

Verne, B. Michael

From: [REDACTED]
Sent: Monday, April 30, 2007 8:13 AM
To: Verne, B. Michael
Subject: 802.4/802.2(e) exemption hotels, trademarks, franchise operations

Mike, hope you enjoyed the weekend. Here we have the following:

1. A is acquiring the voting securities of B, B's assets consist of hotels and the related trademarks and franchise operations.
2. Value of the Trademarks and franchise operations is over 59.8 million.

The question is what is the total value of the transaction for HSR purposes? I understand the acquisition of hotels is exempt (802.2(e)) however the acquisition of any associated trademark and franchise operations are not exempt. I thought once a transaction is reportable to determine the total value of the transaction in acquisitions of voting securities you must include the value of all of the assets being acquired (whether or not they are exempt assets) except for foreign corporations with total US sales/assets of less than 59.8 million which may be excluded from the total value of the transaction. The other party is under the impression the exempt assets - here hotels - may be excluded.

Can you clarify?
Many thanks as always.

[REDACTED]

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Once you have determined that the acquisition of the voting securities is reportable, the value is the total value of those voting securities. All assets (and liabilities) of the issuer would be taken into account in determining the value, including the exempt assets.

This would also be true of a reportable acquisition of voting securities of an issuer that holds exempt foreign assets valued at more than \$59.8 MM.

Bleed
4/30/07