

Verne, B. Michael

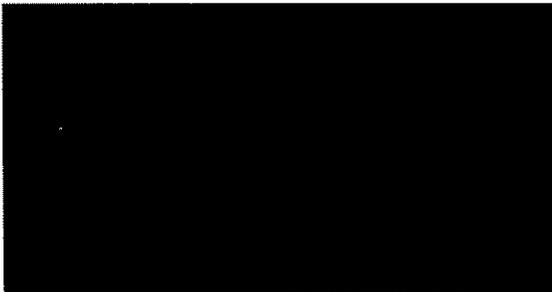
From: [REDACTED]
Sent: Thursday, May 31, 2007 12:58 PM
To: Verne, B. Michael

Mike:

I have a question that I hope you can help me with. My client is engaged in discussions to be acquired. The transaction will be structured as a share acquisition/merger. My client has a large sum of debt. Hence the purchase price for the shares will be well below the current HSR threshold. I know that in valuing stock acquisitions for HSR purposes, one looks only at the price being paid for the shares. One does not include the value of the acquired company's debt that the acquiring person will pay-off at or shortly after closing.

In this case, the shareholders of my client have affiliated entities that hold the debt of my client. Accordingly, at closing, the shareholders will receive their portion of the purchase price for the shares and their affiliates will receive payment from the acquiring company to cancel the outstanding debt. Is there any reason why this arrangement (the affiliation between the shareholders and the debt holders) would change the treatment of the debt payments for HSR purposes?

Thanks for you assistance.



No - the debt would still not be included

B
5/3/07