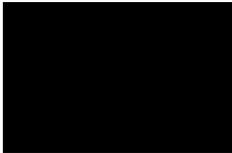


7A(c)(1)



**Pre-Call Fact/Issue Statement
April 15, 2009**

We are analyzing a proposed transaction (“Proposed Transaction”) in the insurance business that we believe may be nonreportable under HSR under the “ordinary course” exemption.

Seller is one of the largest providers of insurance in the world, providing all types of insurance, including health, life, homeowners, automotive, and other insurance products. Seller intends to sell its automotive insurance business, which is conducted through a number of wholly-owned subsidiaries, through a stock sale. As part of this sale, Seller also will sell certain assets that are necessary to the operation of the automotive insurance business.

The size-of-person and size-of-transaction tests appear to be met. Nevertheless, we believe that the acquisition is exempt under Section 802.1 and Rule 7A(c)(1) as a transfer in the ordinary course of business. We are aware that a sale of an “operating unit” would not be exempt, but we believe that Seller here is not selling an operating unit within Section 802.1 because Seller will remain in the insurance business -- though not the automotive insurance business -- in that it will continue to provide various insurance products as it does now.

The PNO previously has acknowledged the application of the “ordinary course” exemption in the insurance industry where an insurance company sells a portion of its insurance coverage (*i.e.*, an entire type of coverage) but continues to offer other types of insurance products. In Informal Interpretation 0807013, you reviewed a transaction, the result of which was the selling entity exiting the life insurance business altogether. The writer stated that “although [seller] will exit the life insurance business through this transaction, we are advised that it will remain in the insurance business through one of its controlled subsidiaries.” The writer concluded that, “[u]nder these facts, we believe that the acquisition will qualify as an exempt transaction under Rule 802.1 as an acquisition of goods in the ordinary course of business.” You agreed with the writer’s conclusion: “if [the] parent will continue in the insurance business, the acquisition of the life insurance portion could be in the ordinary course.” Informal Interpretation 0807013, July 24, 2008.

A similar issue also was addressed in Informal Interpretation 0806013 in which you agreed that a global financial institution’s sale of its prime brokerage unit, which provided a bundle of brokerage services specifically to hedge fund clients, was an exempt transfer in the ordinary course. There, the selling entity intended to sell, through a stock sale, substantially all of the assets related to the prime brokerage business, including client relationships, accounts,





goodwill, certain intellectual property, and other tangible assets necessary to operate that prime brokerage business. As a result of the that transaction, the buying entity was to take over three regional offices and offer employment to the staff that was dedicated to the prime brokerage business. You agreed that the acquisition of the prime brokerage business was an exempt transfer in the ordinary course -- and not a sale of an operating unit -- because the selling entity was not stepping out of the general securities brokerage business altogether, but would continue to provide securities brokerage and other financial services to an array of clients. Informal Interpretation 0806013, June 13, 2008.

We would like to discuss with you the applicability of the above precedent to the Proposed Transaction. If you need any additional information, we would be happy to provide it.

Agree -
BN
4/15/09

