

Verne, B. Michael

From: [REDACTED]
Sent: Wednesday, March 02, 2011 4:07 PM
To: Verne, B. Michael
Subject: HSR question

Mike,

Our client plans to buy mining assets for \$50 million. At the time of the purchase, buyer will also enter into a 30-year lease for real estate on which quarrying operations are located. The lease payments will be approximately \$700,000 per year. I am trying to understand whether the lease payments should be aggregated with the purchase price for purposes of calculating whether the transaction clears the \$66 million size-of-transaction threshold. Any thoughts?



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Will the 30 year lease term exhaust the useful life of the underlying assets? If so, it would be considered an installment purchase and the lease payments would be aggregated.

B
3/2/11