

802.30
801.2

Verne, B. Michael

From: [REDACTED]
Sent: Friday, November 18, 2011 8:05 PM
To: Verne, B. Michael
Subject: Joint Venture Issue

Mike, I hope this finds you well. I have the following fact pattern and would appreciate your input. Please assume size of transaction and size of parties tests are met.

1. Our client, entity X ("X") is constructing a pipeline.
2. X will create a wholly-owned subsidiary LLC (the "JV").
3. X will contribute the pipeline assets to the JV. X will still own 100% of the LLC interests in the JV.
4. Subsequently, a third party ("Y") will contribute cash equal to 25% of the cost of construction in exchange for a 25% interest in the JV, thus diluting the ownership interests of X to 75% in the JV.

Analysis: Steps 2 through 3 should be exempt as an intraperson transaction pursuant to Section 802.30 of the HSR regulations.

Step 4 would be non-reportable, irrespective of the dollar value of the 25% interest, since Y would not be acquiring a 50% or more interest in the JV.

Please let me know if my analysis is correct.

As always, many thanks in advance.

Correct -
BM
11/21/11



Confidentiality Notice: The information contained in this e-mail and any attachments to it may be legally privileged and include confidential information intended only for the recipient(s) identified above. If you are not one of those intended recipients, you are hereby notified that any dissemination, distribution or copying of this e-mail or its attachments is strictly prohibited. If you have received this e-mail in error, please notify the sender of that fact by return e-mail and permanently delete the e-mail and any attachments to it immediately. Please do not retain, copy or use this e-mail or its attachments for any purpose, nor disclose all or any part of its contents to any other person. Thank you

Treasury Circular 230 Disclosure: Any tax advice in this e-mail (including any attachment) is not intended or written to be used, and cannot be used, by any person, for the purpose of avoiding penalties that may be imposed on the person. If this e-mail is used or referred to in connection with the promoting or marketing of any transaction(s) or matter(s), it should be construed as written to support the promoting or marketing of the