

7A(c)(1)

**Verne, B. Michael**

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**From:** [REDACTED]  
**Sent:** Tuesday, November 19, 2013 8:29 PM  
**To:** Verne, B. Michael  
**Cc:** [REDACTED]  
**Subject:** HSR Exemption for Timberland Transaction

Mike,

I am writing to confirm the potential applicability of the ordinary course of business exemption under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended ("HSR Act") to the proposed transaction discussed below.

**Proposed Transaction**

Pursuant to a proposed transaction (the "Proposed Transaction"), Company A intends to acquire from Company B several hundred thousand acres of timberland for an acquisition price of hundreds of millions of dollars.

The timberland being sold constitutes approximately 80% of the timberland holdings of Company B such that Company B has not exited the business of the sale of timber by virtue of this transaction.

**Conclusion/Question**

1. We are aware that timberland acquisitions often are exempt under 16 C.F.R. § 802.2(c). However, to the extent that the Proposed Transaction does not turn out to be exempt under the 802.2(c) exemption for unproductive real property based on the value of and the amount of revenue generated by contiguous parcels of land, can we treat the Proposed Transaction as exempt under 16 C.F.R. § 802.1 and 15 U.S.C. § 18a(c)(1) as a transfer in the ordinary course of business?
2. If the ordinary course of business and the unproductive real property exemptions do not apply, we would welcome your thoughts on other potential exemptions the FTC Premerger Notification Office has applied to timberland acquisitions.

Thank you for your assistance in this matter.

Best regards,

[REDACTED]

We historically have not exempted acquisitions other than of portfolios of financial instruments (e.g., loans, leases, servicing rights) under 7A(c)(1). The only exception for real property is if a REIT is acquiring real property in the ordinary course of its business. The only other exemption we can think of is unproductive real property.

B  
11/20/13

Kew concerns