

**FTC REVISES HSR THRESHOLDS AND CHANGES RULES
APPLICABLE TO REVENUE DISCLOSURE**

The Federal Trade Commission has recently issued two important announcements relating to the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the “HSR Act”), and its reporting requirements. These changes may affect the way your company assesses acquisitions and maintains its financial records. First, as is now statutorily mandated, the various thresholds incorporated in the HSR Act and the rules and regulations promulgated thereunder are revised annually based on the change in the US gross national product. These adjusted thresholds will be in effect for all transactions that will close on or after February 17, 2006. Second, effective for all HSR filings submitted on or after January 30, 2006, the required “base year” revenue information in the HSR form will change from 1997 to 2002, and reporting persons will be required to use the 2002 NAICS code system for revenue disclosure rather than the 1997 NAICS system that has previously been utilized.

Adjusted Thresholds

Most significantly, effective February 17, the minimum notification threshold under the HSR Act will increase from \$53.1 million to \$56.7 million. Thus, an acquisition may only potentially trigger an HSR reporting obligation if, as a result of an acquisition, an acquirer would hold voting securities, noncorporate interests and/or assets of an acquired person valued in excess of \$56.7 million.

The following table sets forth the principal threshold adjustments applicable to the HSR Act:

Threshold	Original Threshold	2005 Threshold	Adjusted Threshold Effective February 17, 2006
Minimum Size of Transaction	\$50 million	\$53.1 million	\$56.7 million
Minimum Size of Transaction (above which the Size-of-Person Test will no longer apply)	\$200 million	\$212.3 million	\$226.8 million
Size of Person Test (applicable to transactions valued at less than \$226.8 million)	Person 1: \$10 million	\$10.7 million	\$11.3 million
	Person 2: \$100 million	\$106.2 million	\$113.4 million

Notification Thresholds	\$50 million	\$53.1 million	\$56.7 million (\$45,000 filing fee)
	\$100 million	\$106.2 million	\$113.4 million (\$125,000 filing fee)
	\$500 million	\$530.7 million	\$567.0 million (\$280,00 filing fee)
	25% of an issuer's voting securities if valued in excess of \$1 billion	25% of an issuer's voting securities if valued in excess of \$1.0613 billion	25% of an issuer's voting securities if valued in excess of \$1.134 billion (\$280,000 filing fee)

Wherever the rules and regulations promulgated under the HSR Act include thresholds or limitation values (for example, the exemptions that may be available for certain acquisitions of (i) foreign assets or stock of foreign issuers where the exemptions are dependent upon the nexus to US commerce or (ii) carbon-based reserves), those thresholds and limitation values are similarly being adjusted. The FTC's complete announcement concerning the threshold adjustments can be accessed on the FTC's website via www.ftc.gov/opa/2006/01/fyi0603.htm.

Changes in Revenue Disclosure

The FTC is also implementing significant changes, effective January 30, 2006, relating to the disclosure of "base-year" revenue in Item 5 of the HSR Notification and Report Form, as well as the source of the NAICS codes to utilize in Item 5 for reporting both "base year" and "most recent year" revenue.

Effective January 30, 2006, reporting persons will need to disclose 2002 revenue as "base year" revenue rather than the 1997 revenue previously mandated.

Moreover, when reporting revenue for both the "base year" and the "most recent year," parties will be required to utilize codes published under the 2002 NAICS code system rather than the 1997 NAICS codes previously utilized. The 2002 system substantially revises the 1997 system for certain industries. Thus, to the extent you need to report revenue at the 6-digit NAICS code level, you will need to refer to the 2002 NAICS codes, published by the Office of Management and Budget, and accessible electronically via www.census.gov/epcd/www/naics.html. You will also be able to locate conversion tables that will allow you to convert the codes you have been using to the appropriate codes under the 2002 system via that link.

To the extent you must disclose manufacturing code revenue (i) at the 10-digit level for 2002 and (ii) at the 7-digit level for the "most recent year," you will be required to utilize the 10-digit and 7-digit NAICS codes published in the 2002 Numerical List of Manufactured and Mineral Products (Census Bureau publication EC02M31R-NL) rather than the codes published in the 1997 Numerical List of Manufactured and Mineral Products

(Census Bureau publication EC97M31R-NL). The 2002 publication is accessible electronically via www.census.gov/prod/ec02/02numlist/m31r-nl.pdf.

You should consider taking immediate steps to ensure that 2002 revenue information applicable to your US operations is available if you anticipate needing to submit an HSR filing quickly, as you will not be able to simply refer to a recent HSR filing submitted in connection with a prior acquisition. The FTC's announcement concerning these changes in revenue disclosure can be accessed via www.ftc.gov/opa/2005/12/fyi0588.htm.

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If you have any questions about these recent announcements, please contact Jonathan J. Konoff (212-728-8627, jkonoff@willkie.com) or the attorney with whom you regularly work.

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