

ANTITRUST ALERT: HSR SIZE OF DEAL THRESHOLDS RAISED

January 27, 2006

The Federal Trade Commission announced on January 18, 2006, the revised size thresholds for the deals that must be submitted under the Hart-Scott-Rodino Antitrust Improvements Act (Act). As most readers know, the Act requires that certain acquisitions of stock or assets and certain joint venture transactions be reported to both the Department of Justice Antitrust Division and the Federal Trade Commission prior to completion. Reportable transactions cannot be consummated for a certain period of time following notification (typically 30 days, but sometimes less depending on certain circumstances).

With these recent adjustments to the size-of-the-transaction thresholds, an HSR notification must now be filed if a deal meets one of two tests.

First, if the value of the assets or securities being acquired in a transaction exceeds \$56.7 million (previously \$53.1 million) and the total assets or sales for one of the parties exceeds \$113.4 million and for the other party \$11.3 million, then a filing is generally required. (These size-of-the-party thresholds were previously \$106.2 million and \$10.7 million, respectively.) Although there are certain exceptions to the HSR filing requirements, the \$56.7 million is a key threshold to keep in mind.

Second, HSR notification is mandatory if the total value of a proposed transaction exceeds \$226.8 million (previously \$212.3 million), regardless of how big the parties are.

The FTC is required under the HSR rules to adjust the thresholds annually based on growth in the gross national product. We will try to keep you updated.

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