



## FTC ISSUES ANNUAL REVISED HSR THRESHOLDS

As required by statute, the Federal Trade Commission recently announced increases to the filing and other dollar thresholds in the HSR Act. These increases are based on changes in the U.S. gross national product and will take effect for all transactions that close on or after February 21, 2007.

**General Thresholds for HSR Filings.** Effective February 21, 2007, the minimum notification threshold under the HSR Act will increase from \$56.7 million to \$59.8 million. Thus, an acquisition will potentially trigger an HSR filing only if, as a result of the acquisition, the acquirer would hold assets, voting securities and/or non-corporate interests of the acquired person valued in excess of \$59.8 million. The revised 2007 thresholds are as follows:

Type of Threshold	Pre-2005 Threshold	2006 Threshold	2007 Threshold <i>(Effective for transactions closing on or after February 21, 2007)</i>
Minimum "Size-of-Transaction" Test	\$50 million	\$56.7 million	\$59.8 million
"Size-of-Transaction" Test requiring filing regardless of "Size-of-Person" Test	\$200 million	\$226.8 million	\$239.2 million
Minimum "Size-of-Person" Test (applicable to transactions valued at less than \$239.2 million)	Person 1: \$10 million	\$11.3 million	\$12 million
	Person 2: \$100 million	\$113.4 million	\$119.6 million

**Additional Notification Thresholds for Voting Securities.** In making an HSR filing, a person acquiring voting securities is required to report the highest notification threshold among five listed dollar and percentage amounts. These notification thresholds determine, for example, whether a subsequent acquisition of additional voting securities from the same person will require another HSR filing. The revised 2007 notification thresholds are as follows:

Pre-2005 Notification Thresholds	2006 Notification Thresholds	2007 Notification Thresholds
\$50 million	\$56.7 million	\$59.8 million
\$100 million	\$113.4 million	\$119.6 million
\$500 million	\$567 million	\$597.9 million
25% of the Voting Securities of an issuer (if valued at greater than \$1 billion)	25% of the Voting Securities of an issuer (if valued at greater than \$1.134 billion)	25% of the Voting Securities of an issuer (if valued at greater than \$1.1958 billion)
50% of the Voting Securities of an issuer (if valued at greater than \$50 million)	50% of the Voting Securities of an issuer (if valued at greater than \$56.7 million)	50% of the Voting Securities of an issuer (if valued at greater than \$59.8 million)

**Filing Fees.** Although the three filing fee amounts have not changed, the above increases to the various thresholds affect the calculation of the HSR filing fees as follows:

<b>Transaction Size</b>	<b>HSR Act Filing Fees (Effective for filings made on or after February 21, 2007)</b>
\$59,800,000 to less than \$119,600,000	\$45,000
\$119,600,000 to \$597,900,000	\$125,000
Transactions in Excess of \$597,900,000	\$280,000

Note that while the new thresholds for determining the requirement to file are effective for all **transactions closing** on or after February 21, 2007, the new thresholds for determining the filing fee calculation are effective for all **filings first made** on or after February 21, 2007.

### **What to Do?**

Companies should be mindful of the new increased dollar thresholds in assessing the need to file under the HSR Act in the first place, in order to avoid making a filing that is no longer required under the Act's revised thresholds. Also, since the practical effect of the new thresholds is to reduce significantly the filing fee for many transactions, application of the old thresholds will result in paying an incorrect and artificially inflated filing fee.

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*This Alert has been prepared for general informational purposes only and is not intended as legal advice. Antitrust counsel should be consulted both prior to consummating any transaction to insure that the appropriate HSR Act filing thresholds have been considered and prior to filing any HSR Notification Form to insure that all technical and other aspects of the HSR Act are satisfied.*