

MERGER ANTITRUST LAW

LAW 1469
Georgetown University Law Center
Fall 2025

Tuesdays and Thursdays, 3:30 pm – 5:30 pm
Dale Collins

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CLASS 6 WRITTEN ASSIGNMENT—INSTRUCTOR’S ANSWERS

Instructions

Submit by email by 3:30 pm on Thursday, September 11

Send to wdc30@georgetown.edu

Subject line: Merger Antitrust Law: Assignment for Class 6

Calls for calculations (preferably a spreadsheet)¹

Determine the combined market share, the premerger HHI, the delta, and the postmerger HHI given the following market shares and assess whether the merger triggers the *PNB* presumption under the 2023 Merger Guidelines:

1. Merger of firms 1 and 3

	<u>Market share</u>
Firm 1	60%
Firm 2	20%
Firm 3	20%

2. Merger of firms 2 and 3

	<u>Revenues (in millions)</u>
Firm 1	\$250
Firm 2	\$225
Firm 3	\$175
Firm 4	\$100
Firm 5	\$50

3. Merger of firms 4 and 5

	<u>Revenues (in millions)</u>
Firm 1	\$150
Firm 2	\$150
Firm 3	\$125
Firm 4	\$125
Firm 5	\$100

¹ Although not required, I strongly encourage you to use a spreadsheet for these calculations. It will streamline your work on both the graded homework and the final exam. That said, if you develop a spreadsheet template, confirm its accuracy by testing it on HHI problems for which you already know the answers. In past years, some students discovered errors in their templates only when comparing their HHI results to the instructor’s answer. Careful testing in advance will help you avoid this unfortunate outcome.

Firm 6	\$20
Firm 7	\$20

4. Merger of firms 1 and 2, with a divestiture of 10 percentage points to firm 6

	<u>Market share</u>
Firm 1	25%
Firm 2	15%
Firm 3	15%
Firm 4	15%
Firm 5	15%
Firm 6	10%
Firm 7	5%

PART A. INSTRUCTOR'S ANSWER

1. Merger of firms 1 and 3

	<u>Share</u>	<u>HHI</u>
Firm 1	60%	3600
Firm 2	20%	400
Firm 3	20%	400
	100%	4400

Combined share	80%
Premember HHI	4400
Delta	2400
Postmerger HHI	6800

Triggers *PNB* presumption under 2023 Merger Guidelines

Remember, $2ab$ is the delta, where a and b are the markets market shares of the merging firms.

Here, $2ab = 2 \cdot 60 \cdot 20 = 2400$

2. Merger of firms 2 and 3

	<u>Revenues (in millions)</u>	<u>Market share</u>	<u>HHI</u>
Firm 1	250	31.25%	977
Firm 2	225	28.13%	791
Firm 3	175	21.88%	479
Firm 4	100	12.50%	156
Firm 5	50	6.25%	39
	800	100.00%	2441

Combined share	50.00%
Premember HHI	2441
Delta	1230

Postmerger HHI 3672
 Triggers *PNB* presumption under 2023 Merger Guidelines

3. Merger of firms 4 and 5

	Revenues (in millions)	Market share	HHI
Firm 1	150	21.74%	473
Firm 2	150	21.74%	473
Firm 3	125	18.12%	328
Firm 4	125	18.12%	328
Firm 5	100	14.49%	210
Firm 6	20	2.90%	8
Firm 7	20	2.90%	8
	690	100.00%	1828

Combined share 32.61%
 Premerger HHI 1828
 Delta 525
 Postmerger HHI 2353

Triggers *PNB* presumption under 2023 Merger Guidelines

4. Merger of firms 1 and 2, with a divestiture of 10 percentage points to firm 6

Premerger			Postmerger		
	Share	HHI		Share	HHI
Firm 1	25%	625	Firm 1+2	30%	900
Firm 2	15%	225			
Firm 3	15%	225	Firm 3	15%	225
Firm 4	15%	225	Firm 4	15%	225
Firm 5	15%	225	Firm 5	15%	225
Firm 6	10%	100	Firm 6	20%	400
Firm 7	5%	25	Firm 7	5%	25
	100%	1650		100%	2000

Divestiture share 10%
 Combined share 30.00%
 Premerger HHI 1650
 Delta 350
 Postmerger HHI 2000

Triggers *PNB* presumption under 2023 Merger Guidelines