MERGER ANTITRUST LAW

LAW 1469	Tuesdays and Thursdays, 3:30 pm – 5:30 pm
Georgetown University Law Center	Dale Collins
Fall 2026	wdc30@georgetown.edu
	www.appliedantitrust.com

CLASS 6 WRITTEN ASSIGNMENT—INSTRUCTOR'S ANSWERS

Instructions

Submit by email by 3:30 pm on Thursday, September 10
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 data, and assess whether the merger triggers the *PNB* presumption under the 2023 Merger Guidelines:

1. Merger of firms 1 and 3

	Market share
Firm 1	60%
Firm 2	20%
Firm 3	20%

2. Merger of firms 2 and 3

	Revenues (in millions)
Firm 1	$250
Firm 2	$225
Firm 3	$175
Firm 4	$100
Firm 5	$50

3. Merger of firms 4 and 5

	Revenues (in millions)
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

	Market share
Firm 1	25%
Firm 2	15%
Firm 3	15%
Firm 4	15%
Firm 5	15%
Firm 6	10%
Firm 7	5%

INSTRUCTOR'S ANSWER

1. Merger of firms 1 and 3

	Share	HHI
Firm 1	60%	3600
Firm 2	20%	400
Firm 3	20%	400
	100%	4400

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

Remember, when there are no divestitures, $2ab$ is the delta, where a and b are the market shares of the merging firms.

Here, $2ab = 2*60*20 = 2400$

Triggers *PNB* presumption under the HHI thresholds of the 2023 Merger Guidelines

Note that it also triggers the PNB presumption under the >30% + Δ > 100 rule of the 2023 Merger Guidelines

2. Merger of firms 2 and 3

	Revenues (in millions)	Market share	HHI
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

(does not sum do to rounding)

Combined share	50.00%
Premerger HHI	2441
Delta	1230
Postmerger HHI	3672

Triggers PNB presumption under the HHI thresholds of the 2023 Merger Guidelines
Note that it also triggers the PNB presumption under the >30% + Δ > 100 rule of the 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 the HHI thresholds of the 2023 Merger Guidelines
Note that it also triggers the PNB presumption under the >30% + Δ > 100 rule of the 2023 Merger Guidelines

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

	Premerger Share	Premerger HHI		Postmerger Share	Postmerger 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

Because the divestiture changes the market shares of both the merged firm and Firm 6, the 2ab shortcut does not give the net delta for the restructured transaction. Here, the delta is the postmerger HHI minus the premerger HHI: 2000 - 1650 = 350.

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

Triggers *PNB* presumption under 2023 Merger Guidelines
Does not technically trigger the separate >30% + Δ > 100 rule because the postdivestiture merged-firm share is exactly 30%. Note, however, that *PNB* itself held that a 30% combined share presented the requisite threat to competition, so the distinction is unlikely to matter in practice.