801.10

Michael Verne

From: [redacted]
Sent: [redacted]
To: Michael Verne
Subject: Informal interpretation

Is there any difference in the "acquisition price," in your view, among the following situations? In each case, the debt referred to is the debt of the target corporation, and the buyer is acquiring all of the stock of the issuer.

1. Buyer pays shareholders of the issuer $45 million and pays an additional $15 million directly to creditors of the corporation, to extinguish existing debt.

2. Buyer pays shareholders $60 million; shareholders have agreed that they will, at closing, immediately transfer $15 million to creditors to extinguish existing debt.

3. Pursuant to a purchase agreement, selling shareholders pay off $15 million of debt, then transfer stock of the (debt-free) issuer to buyer in return for buyer payment of $60 million.

4. Selling shareholders create an upstream holding company and transfer all of the debt obligations of the issuer to its upstream parent. Shareholders then sell all of the stock of the (debt-free) issuer to buyer for $60 million.

Thanks.

[redacted]

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ADVISED THAT 1 & 2 ARE $45 MM TRANSACTIONS WHILE 3 & 4 ARE $60 MM. N. OVUKA, K. BERG & M. BRUNO CONCUR.

[illegible signature]
1/28/03