[redacted]

301.12

MEMORANDUM

VIA EMAIL

DATE: June 24, 2003

TO: Nancy Ovuka

FROM: [redacted]

RE: Stylized Set of Facts for the PNO

Hypothetical Scenario:

100% of the voting securities of Company X are being acquired by Company Y. Company X is a private company with two classes of stock, Class A and Class B.

- Class A has approximately 3,000 shares outstanding, and Class B has approximately 600,000 shares outstanding.
- Class A has one vote per share, and Class B has 1 vote for every 2,000 shares.
- Class A and Class B together have the right to elect 3 directors.

In order to calculate the percentage of voting securities held by each shareholder, I have treated all of the shares as one class consisting of shares with 1 vote. Thus, there is one class with 3,300 shares. This consists of the 3,000 shares of Class A and 300 shares of Class B (600,000 divided by 2,000 votes). Thus, for purposing of determining the percentage of outstanding voting securities held by various shareholders of Company X, we will use 3,300 as the denominator.

Formula:

Thus, under our hypothetical scenario,

1. Calculation of Shareholder X's voting rights: Shareholder X owns 100 shares of Class A stock.

Formula: 100 (no of shares shareholder owns)/3,300 (no of shares in Class) X 3 directors (number of directors the class can vote for)/3 (total number of directors) = 0.03 X 1 = 3%

[redacted]

6/24
Advised writer by telephone that calculation is correct.
nmo