

807.10

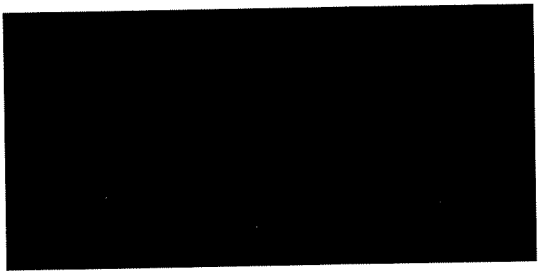
Verne, B. Michael

From: [Redacted]
Sent: Tuesday, November 15, 2005 8:07 PM
To: Verne, B. Michael
Subject: HSR Question

Mike, I wanted to follow-up on our call on Tuesday regarding calculating the acquisition price for an asset transaction and also provide some facts. The buyer is agreeing to acquire a business for \$48 million with a net working capital adjustment. If the net working capital at closing exceeds approximately \$5.5 million, the purchase price will be adjusted upward and vice versa. The buyer does not expect that the net working capital will exceed the \$5.5 million by an amount that when added to the \$48 million purchase price would exceed the \$53.1 million size-of-transaction threshold. Under the net working capital adjustment, the buyer will be assuming certain short-term liabilities, including accounts payable, but short-term assets which will also be assumed, such as accounts receivables, are expected to more than offset the short-term liabilities. These liabilities are estimated at \$6 million and if these liabilities have to be added to the \$48 million purchase price, the size of transaction threshold would be exceeded. From our discussion, I understand that the buyer must estimate no more than 60 days prior to close the amount of the net working capital adjustment and add or subtract that from the purchase price and does not have to add the short-term liabilities covered by the net working capital adjustment to the purchase price. The buyer will also have to do a fair market valuation of the assets but expects that to be below \$53.1 million.

Please let me know if this is correct and if you would like to discuss it further please call.

Thank you.



AGREE -
B. Michael
11/15/05

The contents of this message may be privileged and confidential. Therefore, if this message has been received in error, please delete it without reading it. Your receipt of this message is not intended to waive any applicable privilege. Please do not disseminate this message without the permission of the author.

Any tax advice contained in this email was not intended to be used, and cannot be used, by you (or any other taxpayer) to avoid penalties under the Internal Revenue Code of 1986, as amended.