

Verne, B. Michael

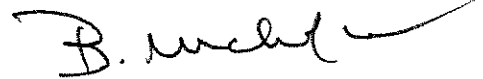
801.10(d)

From: [REDACTED]
Sent: Thursday, January 19, 2006 1:05 PM
To: Verne, B. Michael
Subject: Valuation

Hi Mike,

The Acquiring Person will acquire interest in an LLC. The LLC has a corporate subsidiary. The corporate subsidiary may have debt. Because it is an interest in an LLC would the value of the transaction be affected at all by the amount of corporate subsidiary debt?

Thanks



1/19/06

No - even if the debt was held directly by the LLC and there was no corporate subsidiary, you would not add the debt to the acquisition price like with an asset deal. The valuation of the interest in the LLC would be valued the same as a non-publicly traded corporation (see 801.10(d)).