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CONFIDENTIAL

VIA HAND DELIVERY AND ELECTRONIC MAIL

May 15, 2006

Nancy M. Ovuka
Premerger Notification Office
Bureau of Competition
Federal Trade Commission
7th & Pennsylvania Avenue, NW
Washington, DC 20580

Dear Nancy:

I am writing to confirm my understanding of telephone conversations we had on May 11, 2006 and May 12, 2006 concerning the potential reportability under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended ("HSR Act") of a proposed transaction discussed below.

Proposed Transaction

Our client, Company A, has been presented with an opportunity to purchase approximately 66% of the outstanding shares of Company B, a privately held corporation, in a related series of four purchases. The total purchase price for all four purchases is approximately $43 million. Each of the four purchases will be with a different shareholder and will be accomplished via a separate purchase agreement. It is anticipated that the four transactions will be closed simultaneously.

We understand that at the point of closing on the initial 66% interest, the following facts will be true:

- Company A will not already hold any voting securities of Company B when it acquires the 66% interest;
- Company A will not have any agreements in place with any of the shareholders holding the combined remaining 44% interest ("Remaining Shareholders");
- Company A will not have approached the Remaining Shareholders regarding a purchase of their shares, and the Remaining Shareholders will not be aware of the purchase by

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Company A of the 66% interest in Company B until after the purchase of the 66% interest closes;

- The purchase of the 66% interest in Company B is not contingent upon the purchase by Company A of any additional shares. Company A intends to purchase the 66% interest in Company B regardless of its ability to obtain additional shares in Company B;

- The purchase agreements for the acquisition of the 66% interest in Company B may require that Company A make an offer on similar terms to the Remaining Shareholders as soon as possible after closing on the 66% interest. However, we understand that there is no obligation for the Remaining Shareholders to accept such an offer, Company A does not know if such an offer is likely to be accepted, and this offer could be rejected by some or all of the Remaining Shareholders. Company A understands from one of the shareholders from which it intends to acquire part of the 66% interest that the largest of the Remaining Shareholders may be willing to sell its shares to Company A if Company A is able to acquire the 66% interest. However, that Remaining Shareholder currently is trying to acquire all the shares of Company B for itself, will not be aware of Company A's purchase of the 66% interest until after it occurs, and may in fact not be willing to sell its shares to Company A, even though Company A would be willing to purchase those shares on acceptable terms. If the acquisition of the shares held by the largest of the Remaining Shareholders occurred and shares were not acquired from any of the other Remaining Shareholders, Company A's ownership percentage of Company B would be approximately 81%. Based on the purchase price for the 66% interest, the overall value of this approximately 81% interest would be closer to but still under the $56.7 million size of the transaction test; and

- While Company A would be interested in acquiring additional shares in Company B, up to 100%, under appropriate terms and conditions, and would prefer to hold 100% rather than 66%, under appropriate terms and conditions, it does not have any current plan or intent to force an acquisition of the remaining shares. The only way in which Company A could try to force the Remaining Shareholders to sell their shares is that under general corporate law mechanisms exist by which a majority holder can "squeeze" out the minority interest holders. Such an effort is subject to fiduciary obligations to the minority shareholders, may require an appraisal, and could be contested by the minority shareholders including through litigation. Company A does not have a current plan or intent to force a "squeeze" out of the Remaining Shareholders after acquiring the 66% interest. However, this is an option Company A likely will evaluate post-closing as to its risks and benefits, and it is possible that at some point after closing Company A could decide to "squeeze" out the Remaining Shareholders.

Analysis and Conclusions

My understanding from our conversations is that the transactions as described above will be exempt under the HSR Act. Specifically, the acquisition by Company A of the anticipated 66% interest in Company B will be HSR exempt as below the $56.7 million HSR size of the transaction test. Under the facts above, you confirmed that the potential acquisition of additional shares of Company B by Company A post-closing on the 66% interest was sufficiently speculative such that the value of any of those additional shares did not need to be aggregated with the value of the 66% interest to determine if the initial acquisition of the 66% interest is HSR reportable. You also agreed that subsequent acquisitions by Company A of shares of Company B after closing on the 66% interest would not be reportable, regardless of value, since at that point Company A would already control Company B through the holding of voting securities.

Please let me know as soon as possible if you disagree with any of the conclusions discussed above, or if I have misunderstood any aspect of your advice. Thank you for your assistance in this matter.

Sincerely,

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Agree
N. Ovuka

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