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Verne, B. Michael

From: [REDACTED]
Sent: Tuesday, January 15, 2008 3:46 PM
To: Verne, B. Michael
Cc: [REDACTED]
Subject: Confirmation of Understanding on Reportability of Transactions

Dear Mr. Verne:

Thank you for taking the time to speak with [REDACTED] and me this morning, January 15, 2008, about the reportability of certain transactions involving my client, Company A (as described below) and its sole shareholder, Mr. A, and [REDACTED] client, VC (as described below). This email serves to further elaborate on and confirm our conversation this morning during which we agreed that, under the factual scenario described below, no HSR filings are necessary for the transactions described below.

As discussed, (i) all transactions described herein will occur simultaneously and are subject to and conditioned upon the occurrence of all other transactions, and (ii) the final result of the transactions will be the acquisition of two operating companies (Company A and Company B) by a publicly traded shell company (Pubco).

Factual Background:

Company A owns and operates a business which reported total assets of approximately \$32 million on its last regularly-prepared balance sheet and total net sales of approximately \$58 million on its last regularly-prepared annual statement of income and expense. Company A is wholly-owned by Mr. A.

Company B owns and operates a business which reported total assets of approximately \$42 million on its last regularly-prepared balance sheet and total net sales of approximately \$46 million on its last regularly-prepared annual statement of income and expense. Company B is wholly-owned by Mr. B.

Pubco is a publicly traded shell company with no annual net sales and less than \$100,000 in total assets.

Merger Sub is a newly-formed subsidiary of Pubco with no assets and no sales.

VC is an newly formed company that will operate as an investment fund. It will have no UPE and no assets other than the \$20 million in capital it will raise for use in connection with the transactions described below.

Transactions:

Mr. A and Mr. B will contribute 100% of the outstanding stock in Company A and Company B, respectively, to Company C, a newly-formed entity. After the contributions, (i) Mr. A will be the UPE of Company C, and (ii) Company C (including the consideration of Mr. A's personal investment assets, voting securities and other income producing property, together with the total assets of any entities he controls), will have total assets and total annual net sales of less

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than \$119.6 million.

Simultaneously, VC will purchase \$20 million of stock in Pubco for what will become an approximate 60% ownership interest in Pubco at the conclusion of all transactions described herein. Pubco will borrow \$130 million for the purpose of making the indirect acquisitions of the stock of Company A and Company B in the merger transaction described below.

Simultaneously, Merger Sub will merge with and into Company C. As a result of the merger, (i) Company C will become a wholly-owned subsidiary of Pubco, (ii) Mr. A will receive approximately \$86 million in cash and approximately 20% of the outstanding stock of Pubco, and (iii) Mr. B will receive approximately \$42 million in cash and approximately 10% of the outstanding stock of Pubco.

[REDACTED] and my analysis of the facts is that the "size of person" test is not met in the transactions described above, and that, therefore, no HSR reporting obligations are triggered.

Based on our analysis stated above and our conversation with you this morning, the parties will proceed on the basis that no HSR Act filings are required for these transactions. If the foregoing does not accurately reflect our discussion or if you have any questions or require additional information, please contact [REDACTED]

We would appreciate it if you would reply with your agreement with the foregoing.

Thank you for your assistance.

Sincerely,

[REDACTED]

[REDACTED]

[REDACTED]

AGREE
BM
1/17/08

This email message and any attachments are confidential and may be privileged. If you are not the intended recipient, please notify [REDACTED] immediately -- by replying to this message or by sending an email to [REDACTED] -- and destroy all copies of this message and any attachments. Thank you.