

801.10

Verne, B. Michael

From: [REDACTED]
Sent: Tuesday, January 22, 2008 3:42 PM
To: Verne, B. Michael
Subject: Valuation

Mike,

Please let me know if the following analyses are correct:

1. A acquires voting securities of B, a private company, from S. The consideration consists of voting securities of A, also a private company. In this scenario, the acquisition price is undetermined with respect to A's acquisition of voting securities of B and also with respect to S's acquisition of voting securities of A. Therefore, the size of transaction is the fair market value of the voting securities to be acquired both with respect to A's acquisition of voting securities of B and S's acquisition of voting securities of A.
2. A acquires assets of B, a private company. The consideration consists of voting securities of A, also a private company. In this scenario, the acquisition price is undetermined with respect to A's acquisition of assets of B and B's acquisition of voting securities of A. With respect to A's acquisition of B's assets, the size of transaction is the fair market value of the acquired assets. With respect to B's acquisition of voting securities of A, the size of transaction is the fair market value of the voting securities of A to be acquired by B.

Many thanks,

[REDACTED]

AGREE WITH BOTH.
B
1/22/08

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