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Verne, B. Michael

From: [REDACTED]  
Sent: Wednesday, January 30, 2008 3:35 PM  
To: Verne, B. Michael  
Subject: Question

Mike,

Sorry I missed your call this morning - I tried to call back but didn't catch you.

In any event, perhaps I can better distill my question for you here. A client is contemplating the following:

- Exclusive license agreement for right to develop and sell a patented product
- Agreement grants US rights and foreign rights
- Consideration is broken into multiple components, initial payment up front, and annual milestone payments tied to sales performance

Accordingly, I would be grateful if you could let me know if the following conclusions are correct:

- The transaction is properly considered an acquisition of US and foreign assets
- Value of the transaction equals the present day fair market valuation of the US rights applicable to goods manufactured and sold in the US
- Value of the transaction would also include value of foreign rights only if foreign licensed/manufactured products sold into the US generate more than \$50M (as adjusted) in annual sales

Hope these facts are not too bare. If further detail or clarification are necessary, please let me know. Otherwise, I'd be grateful for your input.

Thanks,

[REDACTED]

[REDACTED]

Agree  
BM  
1/30/08

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15