

801.1 (6)

Verne, B. Michael

From: [REDACTED]
Sent: Monday, July 06, 2009 6:35 PM
To: Verne, B. Michael
Cc: [REDACTED]
Subject: FW: Call today

Dear Mike,

Thank you for taking the time to talk to me. To confirm our conversation, I am currently working on a transaction involving the acquisition of 100% of the equity interests in X LLC by Y LLC.

- Prior to the transaction, 50% of the equity interests in X LLC will be held by UPE A and 50% will be held by UPE Y.
- Also prior to the transaction, 37.5% of Y LLC's equity interests will be held by UPE A, 37.5% by UPE B, and 25% by UPE C.
- At the closing of the transaction, UPE A and UPE B will contribute all of their equity interests in X LLC to Y LLC.
- After the closing, Y LLC's (or its successor's) equity interests will be held 42.2% by UPE A, 42.2% by UPE B, and 15.6% by UPE C.

This transaction will involve three filing persons: with UPE A and UPE B filing as acquired persons and UPE C filing as an acquiring person.

We also discussed a prior step transaction.

- Currently X is a General Partnership (X GP), that is held 49.5% by UPE A, 49% by UPE B, and 1.5% by A/B GP.
- A/B GP is held 1/3 by UPE A and 2/3 by UPE B.
- As a result of their direct and indirect ownerships of X GP, 50% of the profits of X GP are to be paid, directly or indirectly to UPE A, and 50% of the profits are to be paid directly or indirectly to UPE B.
- In fact, none of X GP's profits are distributed to A/B GP and are in fact distributed 50/50 between UPE A and UPE B.
- In this prior step transaction, A/B GP will be dissolved and its interest in X GP will be distributed pro rata to UPE A and UPE B in accordance with their respective interests in A/B GP, such that UPE A will hold 50% of the interests in X GP $[49.5\% + [1/3 * 1.5\%]]$ and UPE B will hold the remaining 50% $[49\% + [2/3 * 1.5\%]]$.

We agreed that, under these facts, UPE A and UPE B currently have control over X; therefore the the dissolution of A/B GP and the allocation of its interests in X GP to UPE A and UPE B is not a reportable event.

Finally, although you and I did not discuss it, another prior step transaction involves the conversion of X GP to X LLC, but this will not affect the ownership of its equity interests. I have concluded that this conversion does not trigger a reporting requirement.

Please let me know if you disagree with any of the above.

Thanks again and best regards,

[REDACTED]

I think you have a typo in your first point. I think you mean that prior to the transaction, 50% of the equity interests in X LLC will be held by UPE A and 50% will be held by UPE B. Otherwise looks fine. I also agree that the conversion of X GP to X LLC is not a reportable event.



7/12/09

K. WALSH CONCURS