

7A(c)(1)

Verne, B. Michael

From: [REDACTED]
Sent: Friday, July 10, 2009 10:58 AM
To: Verne, B. Michael
Cc: [REDACTED]
Subject: Proposed Transaction Covered by Ordinary Course Exemption

July 10, 2009

B. Michael Verne
Premerger Notification Office
Federal Trade Commission
Washington DC 20580

Dear Mike:

Thanks so much for taking the time to talk to [REDACTED] and me this morning. This is to confirm that, based on the outline of the proposed transaction described below, you agreed with our view that it was covered by the ordinary course exemption of Section 7A(c)(1). The proposed acquisition is as follows:

(1) The Sellers are two wholly-owned subsidiaries of a diversified insurance company. Among the various types of business in which Sellers engage is a business of financing life insurance premiums.

(2) The Purchaser is a direct subsidiary of a bank (Federal Reserve Member) and indirect subsidiary of a bank holding company/financial holding company. The Purchaser is also currently active in the life insurance premium finance business.

(3) The proposed transaction is an asset purchase, for cash, of the majority of Sellers' existing domestic life insurance premium finance loan portfolio, consisting of approximately 600 loans that will be acquired by Purchaser, with aggregate receivables having a book value well in excess of any of the current size-of-transaction thresholds. The transaction anticipates a simultaneous signing and closing, planned for summer 2009.

(a) The loans were made to borrowers to finance the payment of their life insurance premiums.

(b) The loans being purchased represent approximately 60% of the Sellers' life insurance premium finance loan portfolio. The Sellers will remain in the life insurance premium finance business.

(c) The Sellers' ultimate parent entity also includes other entities having additional large portfolios of other types of loans (such as real estate and consumer loans) that will be retained after the proposed sale is consummated. Our understanding is that, when these other types of loans are taken into account, the loans being purchased constitute substantially less than 10% of the total loans currently on the books of the Sellers' UPE and its controlled entities.

(4) Purchaser will be hiring approximately 21 of Sellers' approximately 25 existing life insurance premium finance employees. Approximately 4 other employees from this business will remain with the Sellers and continue to service loans there. In addition, several thousand employees will continue to work for the other lending businesses controlled by the Sellers' UPE.

(5) Although the Sellers will remain in the life insurance premium finance business, the parties anticipate executing a Restrictive Covenant Agreement as part of the Transaction Documents. The Restrictive Covenant Agreement, which is currently being negotiated, is expected to include:

(a) a non-competition covenant, for a specified duration but limited to Purchaser's operations solely in the U.S., and further limited to provide exceptions for Sellers' continued operation of its retained life insurance premium finance loan portfolio, in the US as well as Canada;

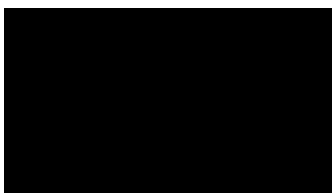
(b) non-solicitation covenants regarding employees hired as part of the transaction, and

(c) non-interference covenants related to the Purchaser's operation of its business and customer relations post-closing.

(6) The Purchaser will not acquire any of Seller's facilities or real estate, but it will acquire certain intellectual property (including a proprietary database system) used in connection with the life insurance premium finance business.

We understand that you agree with us that the transaction as described would fall within the ordinary course exemption. If our understanding is incorrect, please let us know as soon as possible. Otherwise, the parties will proceed with the transaction on the assumption that it is exempt from HSR reporting.

Very truly yours,



AGREE -
B
7/10/09

cc: [REDACTED]

Tax Matters: To the extent this message or any attachment concerns tax matters, it is not intended or written to be used, and cannot be used by a taxpayer, for the purpose of avoiding penalties that may be imposed on the taxpayer under law.

This message and any attachments may contain confidential information protected by the attorney-client or other privilege. If you believe that it has been sent to you in error, please reply to the sender that you received the message in error. Then delete it. Thank you.
