

June 9, 2000

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Each of the 10,000 shares of voting securities of Newco will be converted on a share for share basis into voting securities of Target.¹ Each of the 10,000 shares of voting securities of Target held by Seller immediately prior to the merger will be converted into cash consideration in excess of \$15 million and newly issued voting securities of Target constituting approximately 6.5% of the voting securities of Target post merger. It is my understanding that the voting securities being issued to Seller are valued at less than \$15 million.²

Immediately after the merger occurs, Parent will hold in excess of 50% of the voting securities of Target, although it (as well as the other investors in Newco) will hold a slightly lower percent of the voting securities of Target than were previously held in Newco because approximately 10% of the voting securities of Target will be held by Seller and the Option Holders.

You concluded, based on your understanding that Parent will file a notification and report form with regard to the formation of Newco, that no additional reporting obligation exists with regard to the other aspects of the proposed transaction. Specifically, you concluded that the merger of Newco with and into Target was exempt under the HSR Act since (1) Target should be viewed as a "successor corporation" to Newco; and (2) the exemption under 15 U.S.C. § 18a(c)(10) applies since there will be no per centum increase in the share of outstanding voting securities held by Parent or any of the other Investors after the merger.

Please let me know as soon as possible if you disagree with any of the conclusions discussed above, or if I have misunderstood any aspect of your advice. Thank you for your assistance in this matter.

Very truly yours,



AGREE -
EXEMPT UNDER
7A(C)(10)
B. Melchior
6/13/00

¹ Nonvoting stock of Newco also will be converted on a share for share basis into nonvoting stock of Target.

² While we did not discuss this issue, my assumption is that even if the voting securities being issued to Seller were valued at in excess of \$15 million the "acquisition" of these securities still would not be reportable. An additional fact that I did not mention to you is that immediately before the merger, several option holders ("Option Holders") in Target will exercise their options into voting securities of Target to acquire in aggregate well under \$15 million in voting securities of Target. Accordingly, at the time of merger, the Option Holders will receive cash consideration in exchange for their voting securities in Target. The Option Holders will not receive any shares of Target as a result of the merger. However, certain Option Holders will invest their after-tax proceeds of merger consideration (approximately \$2 million in the aggregate) to acquire approximately \$2 million in voting securities of Target, which will constitute in aggregate less than 5% of the voting securities of Target post merger. I assume that the exercise of these options and the reinvestment of proceeds by certain Option Holders does not impact the HSR analysis.