

Verne, B. Michael

From: [REDACTED]
Sent: Thursday, September 23, 2004 11:47 AM
To: Verne, B. Michael
Subject: Determination of value of voting securities under 16 CFR § 801.10

Dear Michael,

This message is to confirm our conversation yesterday regarding the calculation of the value of voting securities to be acquired.

As I described to you, the proposed acquired person I am analyzing is of a Canadian public company with voting securities traded on a Canadian stock exchange. The agreement relating to the proposed acquisition states a fixed amount (in Canadian dollars) of consideration to be paid for each share of the acquired person.

Under § 801.10(a)(1), the value of the voting securities is the market price of the securities or, if the acquisition price has been determined, the greater of the market price and the acquisition price.

Under § 801.10(c)(1)(ii), the market price of the voting securities is the lowest closing quotation within the 45 or fewer calendar days which are prior to the consummation of the acquisition but not earlier than the execution of the acquisition agreement. I have previously been advised by one of your colleagues that, for purposes of making this calculation, each closing price should be converted to U.S. dollars using the exchange rate for that date.

As we discussed, although the acquisition price is fixed in Canadian dollars, the U.S. dollar equivalent changes from day to day according to the exchange rate. You advised me that in light of the continuing variation of the acquisition price (expressed in U.S. dollars), we may consider that the acquisition price has not been determined (within the meaning of § 801.10(a)) and base the valuation of the securities to be acquired solely on the market price calculation described above.

If I have misstated your advice, please let me know.

AGREE -
B. Michael
9/23/04