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Verne, B. Michael

From: [REDACTED]
Sent: Tuesday, August 29, 2006 3:05 PM
To: Verne, B. Michael
Subject: size of person question

Hi Mike. I need your help figuring out how to determine size of person in the following scenario:

At the time of a proposed acquisition, Company A will be within Company B, a publicly traded company with no sales and a balance sheet that reflects total assets of about \$1 million. Company A has no operations and does not yet have a regularly prepared balance sheet. Company A recently acquired Company C which has sales and assets. Company C's sales in 2005 were less than \$11.3 million. I know that we need to account for the assets of C since they are not accounted for on B's balance sheet, but I don't quite know how to do this. I don't believe that C had a regularly prepared balance sheet before it was acquired by A, but am waiting for confirmation. If C did have a regularly prepared balance sheet, do we rely on that or do we create a pro forma? If C did not have a regularly prepared balance sheet, do we create a pro forma?

Thanks much,

[REDACTED]

USE BALANCE SHEET IF REGULARLY
PREPARED. OTHERWISE CREATE A
PRO FORMA.

B. Michael
8/29/06