

Verne, B. Michael

801-10

From: [REDACTED]
Sent: Tuesday, October 03, 2006 3:17 PM
To: Verne, B. Michael
Subject: Tender Offer Valuation Question

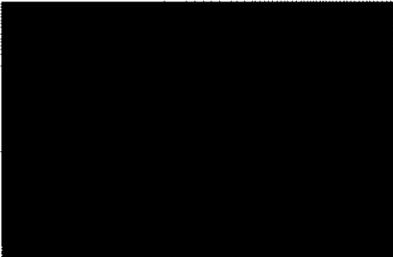
Mike,

A question about tender offer valuations and filing fees.

X plans to acquire voting securities of the Target through a tender offer. After the tender offer, X plans to hold 50% of the Target's voting securities but will accept all shares tendered up to 100% of the Target's voting securities. Informal Interpretation # 263 states that X's valuation should be based on the greatest amount of voting securities that it is prepared to hold. Is #263 still the PNO's position? In that case, would X have to value the transaction based on acquiring 100% of the Target's voting securities even if reaching that level is not likely?

X will not exceed the \$280,000 filing fee threshold unless it holds greater than 80% of the Target's voting securities. If X acquires only 50% of the Target's voting securities, as planned, X must only pay \$125,000. X would like to know if there is any way that it can pay the \$125,000 fee and then, if necessary, pay an extra \$155,000 (for a total of \$280,000) in the unlikely event that it holds voting securities in excess of \$567 million through the tender offer?

Thanks for your assistance,



YES - VALUE 100%
B. Michael
10/3/06

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