

Verne, B. Michael

802.10

From: [REDACTED]
Sent: Thursday, January 11, 2007 1:36 PM
To: Verne, B. Michael
Cc: [REDACTED]
Subject: RE: Confirmation of Conversation Valuation

Dear Mike,

To confirm our conversation of earlier today.

We have a transaction in which approximately 98% of the stock of the target is non-voting and the rest is voting. The purchaser is buying the non-voting and the voting from the same person(s). The voting and non-voting are identical. The voting could in theory vote to amend the corporate documents to deprive the non-voting of its rights to dividends or other rights.

The question was how to value the voting securities. You said there would be nothing wrong with attributing the bulk of the value of the company to the non-voting stock, as this is where the current value lies. The right of the voting to eliminate that value was not relevant to the analysis unless such action is currently contemplated to occur before closing. When asked if we had to look at valuation from the perspective of a third-party purchaser buying the non-voting alone, your response was that no one would do that without some form of agreement or other provisions protecting the value of the non-voting stock, so that is an irrelevant hypothetical. You agreed that the buyer must come up with a good faith allocation of fair market value based the current rights and the deal that is before us.

Please let us know if you agree with the above.
Many thanks



AGREE

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For more information please go to [REDACTED]