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**Verne, B. Michael**

**From:** [REDACTED]  
**Sent:** Thursday, October 18, 2007 4:24 PM  
**To:** Verne, B. Michael  
**Cc:** [REDACTED]  
**Subject:** Proposed Acquisition 801.1(c)

Dear Mike,

Thank you for taking the time to speak with me yesterday regarding the proposed transaction. To follow-up on that discussion, following is a brief description of the proposed acquisitions. Also, an illustration of the transaction is attached to this email.

Holdings LLC will acquire 100% of the voting securities of Target via a series of acquisitions governed by a Stock Purchase Agreement and a Merger Agreement. Signing of the Stock Purchase Agreement and the Merger Agreement will occur simultaneously. The Merger Agreement will close within approximately 12 months after the closing of the Stock Purchase Agreement. The relevant steps of the transaction for HSR purposes are as follows:

(i) One day prior to signing of the Stock Purchase Agreement, A LP, B LP, and C LP will each contribute cash to a newly formed partnership ("Holdings GP") (Note, GP may be an LP) sufficient to represent each LP's pro rata share of escrow and deposit amounts. As a result, Holdings GP's total assets upon formation will be approximately \$58 million in cash. None of A LP, B LP, or C LP will have a contractual right to 50% of the profits or assets upon dissolution of Holdings GP. The formation of Holdings GP will not be a reportable transaction pursuant to the HSR Act.

(ii) At the closing of the private placement of Target stock pursuant to the Stock Purchase Agreement (45 days after execution of the Stock Purchase Agreement), A LP, B LP, and C LP will acquire voting securities of Target worth approximately \$43 million, \$45 million, and \$10 million, respectively. Each acquisition will be below the size of transaction threshold and not reportable.

(iii) At signing of the Merger Agreement, Holdings GP will contribute \$58 million in cash to Holdings LLC in exchange for an approximate 32% membership interest in Holdings LLC. Holdings GP is a party to the ancillary merger transaction documents, including an Equity Contribution Agreement, an LLC Agreement, an Escrow Agreement, and a Deposit Agreement. Holdings LLC, and not Holdings GP, is a party to the Merger Agreement.

(iv) Contemporaneous with the closing of the Merger Agreement, each of A LP, B LP, and C LP will contribute 100% of the voting securities of Target respectively held by each LP to Holdings GP. Holdings GP will contemporaneously contribute those same voting securities of Target to Holdings LLC in exchange for membership interests in Holdings LLC. Holdings GP will not have a contractual right to 50% or more of the profits or assets upon dissolution of Holdings LLC.

(v) Merger Sub will merge with and into Target, the separate identity of Merger Sub shall cease according to the laws of the applicable jurisdiction, and Target will survive as a wholly-owned subsidiary of Holdings LLC. The value of the voting securities acquired will exceed \$239.2 million and the transaction will be reportable.

As we discussed, the contribution of Target voting securities to Holdings GP will occur contemporaneous with, and is an integral part of, the acquisition by Holdings LLC of 100% of the voting securities of Target. As the parties will submit an HSR Notification in connection with the acquisition by Holdings LLC of the voting securities of Target (Step v), no filing will be required for the contribution by A LP, B LP, or C LP of the voting securities of Target held by each LP to Holdings GP (step iv).

Thank you in advance for your consideration of this matter and I look forward to your response. Please do not hesitate to contact me at [REDACTED] or via email if you have any questions.

AGREE  
 B  
 10/18/07

10/19/2007

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