

801.10

Verne, B. Michael

From: [REDACTED]
Sent: Tuesday, September 23, 2008 12:11 PM
To: Verne, B. Michael
Cc: [REDACTED]
Subject: Acquisition Price
Attachments: 31727605_V1.PDF

We are writing to see if you agree with our view concerning how we calculated the size of the transaction regarding the below described transaction which is technically a recapitalization, but which has the effect of transferring the majority of the limited liability interests of an acquired person to the acquiring person.

In accordance with the terms of a Recapitalization Agreement, approximately 84% of the existing membership interests in [REDACTED] (the acquired person) will be redeemed from the proceeds of (i) an equity investment by [REDACTED], a majority owned subsidiary of [REDACTED] (the acquiring person) and (ii) a debt financing by [REDACTED]

You will note from the Estimated Uses and Sources of Funds Chart (attached below), more specifically the left side column, that approximately \$80.1 million of purchase consideration is to be used to pay off third party debt obligations of the acquired person or its subsidiaries (or in certain instances debt or capital lease obligations of the acquired person will remain in place).

In determining the size of the transaction for purposes of determining the appropriate filing fee, it is our view that the amount of third party debt of the acquired person being paid off would not be included in the valuation of the [REDACTED] nor would amounts attributable to third party debt and capital leases that will remain in place.

Do you agree with our view ?

[REDACTED]

Agree -
 BM
 9/23/08

(See attached file: [REDACTED])

* * * *

IRS CIRCULAR 230 DISCLOSURE: To ensure compliance with Treasury Department regulati

Consolidated Sources and Uses: Assumes [REDACTED] and [REDACTED] Close with [REDACTED]

Estimated Uses and Sources of Funds (\$ in millions)			
Cash Proceeds to Sellers	90.9	Revolver	0.0
Management Rollover	13.6	Senior Debt – First Lien	80.5
Total Equity Value	104.5	NC Municipal Bonds	23.7
		NC Restricted Cash	(6.7)
Purchase Price Paid to Greenman	24.2	Subtotal: Net NC Bond Debt	17.0
Assumed Capital Lease	2.5		
Purchase Price Paid to Auburndale	5.5	Acquisition Line	4.7
		Capital Leases	5.2
NC Municipal Bonds	23.7	Total Net Debt	107.4
Restricted Cash for NC Bonds	(6.7)		
Subtotal: Net NC Bond Debt	17.0	[REDACTED]	105.2
Repay Comerica Debt	43.2	Management Equity	13.6
[REDACTED]	5.1	Total Equity	118.7
Repay Seller Debt ([REDACTED])	6.0		
Repay Mezzanine Debt	4.8		
Repay Equipment Debt	0.6		
Assumed Capital Leases	2.8		
Pay Accrued Interest	0.6		
Total Net Debt	80.1		
Refinance Preferred Stock	0.0		
Transaction Fees	9.4		
Total Uses	226.1	Total Sources	226.1

[REDACTED]