

801.1 (b)

Verne, B. Michael

From: [REDACTED]
Sent: Thursday, November 20, 2008 2:29 PM
To: Verne, B. Michael
Subject: RE: Discussion today

Hello Mike,

Just checking to make sure you got our message below. No trouble if you haven't got to it yet, just making sure it's not lost in cyberspace.

Thanks!

From: [REDACTED]
Sent: Wednesday, November 19, 2008 12:51 PM
To: Verne, B. Michael
Cc: [REDACTED]
Subject: Discussion today

Dear Mike,

Thank you for speaking with [REDACTED] and me earlier today. We'd be grateful if you would confirm our understanding of your advice.

In the transaction at hand, Party A has created a new LLC to acquire assets from Party B. Party A has contributed only cash to the new LLC and will contribute a note issued by Party B's parent. The new LLC will be in existence for a brief period of time prior to acquiring the assets, but will be simply a shell company formed for the purpose of acquiring assets from Party B.

In exchange for selling its assets to New LLC, Party B will receive preferred interests in New LLC and cash, as well as the note. B's preferred interests in New LLC entitle B to a certain amount of dividends, payable from the profits, as well as a certain amount of assets upon dissolution of New LLC.

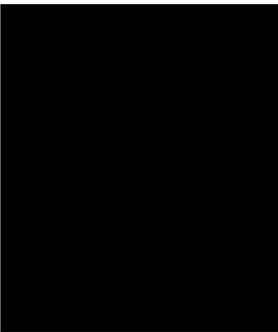
The rights to profits and the rights to assets upon dissolution in New LLC are variable. At the time the transaction occurs, B will have the right to greater than 50% of the assets upon dissolution of New LLC. Thus, B controls New LLC. Since B controls New LLC, no reportable transaction occurs when B sells its assets to New LLC due to the intraperson exemption.

At some point in the future, New LLC may redeem B's interests in New LLC by buying B's interests. At that point in time, there may be a filing required by A as an acquiring person and B as the acquired person, depending upon whether B controlled New LLC prior to the redemption, whether A controls New LLC after the redemption, whether A can be deemed to have caused the buyback to occur, and whether the size of person and size of transaction tests are met.

Please let us know if we have properly understood your advice today.

Best regards,

Beth



ACEREE
BM
11/20/08

This message and any attachment are confidential and may be privileged or otherwise protected from disclosure. If you are not the intended recipient, please telephone or email the sender and delete this message and any attachment from your system. If you are not the intended recipient you must not copy this message or attachment or disclose the contents to any other person.

[REDACTED] as a global firm regularly shares client and/or matter-related data among its different offices and support entities in strict compliance with internal control policies and statutory requirements. Incoming and outgoing email communications may be monitored by [REDACTED] as permitted by applicable law and regulations.

For further information about [REDACTED] please see our website at [http://www.\[REDACTED\]](http://www.[REDACTED]) or refer to any [REDACTED] office.