

7A(c)(10)
801.10

Verne, B. Michael

From: [Redacted]
Sent: Tuesday, July 05, 2011 11:06 AM
To: Verne, B. Michael
Cc: [Redacted]
Subject: Transaction Structure/Spin-Off and Debt Payments

Mike. We wanted to confirm our HSR analysis of a proposed transaction with you. Buyer is interested in purchasing all but one subsidiary ("Subsidiary") of Fund's controlled portfolio company ("Target").

Transaction Structure

The transaction will be structured as follows:

Spin-Off. Immediately prior to the acquisition of Target, Subsidiary will be spun-off from Target by distributing shares of Subsidiary on a pro rata basis to existing shareholders of Target in the same percentages of each shareholder's holdings in Target (i.e., if a shareholder currently owns 25% of the shares of Target, it will hold 25% of the shares of Subsidiary as a result of the spin-off). Per the Agreement providing for the acquisition of the Target and the Fund's obligations under the Agreement, this will occur prior to the acquisition of the Target.

Acquisition of Target. The consideration for the acquisition of Target will include the purchase price for the voting stock of Target, as well as, the assumption of certain liabilities, including pay-off of an existing loan from Fund to the Target, which was made around the time that Fund acquired Target.

If the debt is excluded from the transaction value, then the value of the transaction is below \$66M.

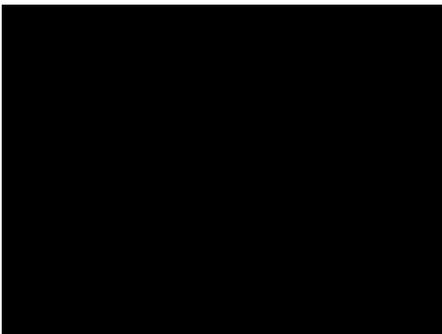
HSR Analysis

We believe that the spin-off is exempt under Section 7A(c)(10), as explained in Interpretation 19 from the ABA Premerger Notification Practice Manual, as the percentage of shares of Subsidiary received by each shareholder of Target is pro rata to its holdings in Target.

We believe that in the acquisition of the target the debt payoff to the Fund may be excluded from the value. See, e.g., Interpretations 88 and 91 of the ABA Premerger Notification Practice Manual.

Please confirm that you agree with this assessment and/or if you have any questions. Thanks.

Regards.



AGREE
[Signature]
7/5/11

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