

601.40
7A(c)(10)

April 7, 2000

Memorandum
to
Mr. Verne

(c)(10) Exemption

[Redacted]

ments Act (the "Act") and the rules promulgated thereunder with respect to the transaction described below.

Exemption of Association Debt

The Act exempts debt obligations incurred by Associations. In addition, Section 108

[Redacted]

recapitalization for financial reporting purposes. Following the Merger, the separate existence of Acquisition shall cease and Target shall continue as the surviving corporation ("Surviving Corporation") under its current name. At the effective time of the Merger, each share of capital stock of Acquisition shall be converted into a share of capital stock of the surviving corporation ("Surviving Corporation Common Stock"). Each share of the capital stock of Target that is outstanding immediately prior to the effective time of the Merger shall be converted into: (i) for [redacted] the right to purchase shares of Surviving Corporation Common Stock to "Retained

be retained as Retained Shares shall be no more than 25% and no less than 7% of the issued and outstanding shares of capital stock of Target immediately prior to the effective time of the Merger.

At the effective time of the Merger, Parent will hold over 50% of the voting securities of the Surviving Corporation (although Parent will hold a smaller percentage of the

Co-investor will remain a significant stockholder of the Surviving Corporation, but its percentage interest of the Surviving Corporation will be less than its percentage interest had been in Acquisition.

During our telephone conversations, you concluded (i) that each of Parent and Co-investor have reporting obligations under the Act with respect to the formation of Acquisition, (ii) that the Surviving Corporation would be seen as a successor corporation to Acquisition and (iii) on the basis of a continuum theory and the exemptions set forth in 15 USC §18(a)(1)(F).

sustain the foregoing conclusions with respect to the number of filings required under the Act and

Thank you for the prompt attention that you have given this matter.

[redacted]
AGREE. ACQUISITION OF V/S OF SUCCESSION
CORPORATION PRO RATA TO HOLDINGS IN
NEWCO IS EXEMPT UNDER C(10). NOTE
[redacted] A DIFFERENT
RESULT IN TARGET W/VE A SUBSIDIARY

TO HOLD STOCK OF ACQUISITION. R. SMITH
AGREES WITH THE ANALYSIS.