

[REDACTED]

801.10

November 21, 2000

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By Hand

Mr. Michael Verne  
Premerger Notification Office  
Bureau of Competition, Room: 303  
Federal Trade Commission  
6<sup>th</sup> Street & Pennsylvania Avenue, N.W.  
Washington, D.C. 20580

Dear Mr. Verne:

[REDACTED]

[REDACTED]

owns 50% or more. The consideration for the purchase of the LLC is stock of Company A, cash and either the assumption of liabilities of the LLC or payment of the liabilities of

[REDACTED]

result the filing party would be the LLC as the seller and Company A as the purchaser. You further advised that since an LLC was being purchased, a filing would not need to be made for staggered closings except for the last acquisition which would convey ownership of 100% of the LLC interests to Company A.

You also advised us that in calculating the purchase price we should include the debt that will be assumed or paid as the acquisition of an LLC is considered to be an acquisition of assets.

The consideration for the purchase of the LLC interests will be stock of Company A, which is publicly traded. The value of the stock should be determined in accordance with 16 C.F.R. § 801.10. Liabilities discharged by the transactions would not be added to the value of the securities of Company A received by the sellers.

[REDACTED]

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We appreciate your advice on this matter. Please call me [REDACTED] and [REDACTED] should you disagree with any of the above. Thank you very much.

Sincerely,

[REDACTED]

[REDACTED]

cc: [REDACTED]

[REDACTED]

AGREE.

B. Michael Verne  
11/24/00

[REDACTED]

**Management Buy-Out**

1. MBO LLC ("MBO LLC") with paid-in capital of \$5 million. It will have no other assets.

2. MBO LLC will establish a Delaware corporation as its subsidiary ("Newco"). Newco will have two classes of shares: preferred and common, each with voting rights. MBO LLC will

3. Newco will [redacted] for the purpose of purchasing the [redacted] business of [redacted]

(i) Newco will issue voting, preferred shares to XYZ Company (which will

(ii) Newco will pay XYZ \$63 million in cash (i.e. the sum of the initial capital contribution of \$5 million and the \$58 million borrowed from the Bank).

4. XYZ Company will not have the contractual rights to control the board of directors of Newco.

5. The assets of XYZ Company before and after the transaction will exceed \$100 million.

7. All steps are to occur concurrently.

~~CONFIDENTIAL~~  
For purposes of [redacted]

B. Michael [redacted]  
11/29/00

