

Verne, B. Michael

801.10

From: [REDACTED]
Sent: Friday, March 23, 2012 4:25 PM
To: Verne, B. Michael
Cc: [REDACTED]
Subject: line of credit - valuation question

Mike,
I hope this finds you well. We are acting for the Buyer in connection with the purchase of 100% of the shares of a UK company that has one wholly owned US subsidiary. The total purchase price is GBP 35 million, well below the threshold without even getting into 802.51 analysis. However, the target is an insurance company and its parent company has caused a bank to issue an L/C of GBP 101.5 million to a Lloyds syndicate as a condition of the target's membership in the syndicate. Our client will have to make its own L/C facility available in the same amount in order to be able to have the Lloyds syndicate underwrite the risks. Our view is that the provision of this L/C facility should not be considered in the valuation of the transaction for HSR purposes. Seller is not receiving consideration from the Buyer. Buyer provides its L/C to have the Lloyds syndicate underwrite risk. I was unable to find any authority directly on point and was hoping you could confirm our view.

Thanks and enjoy the weekend.

[REDACTED]

[REDACTED]

AGREE -
B
3/26/12

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