

REG-EAG Inc Increased Cash Offer for EAG

Released: 13/08/2008

com:20080813:RnsM2804B

RNS Number : 2804B

EAG Inc

13 August 2008

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FOR IMMEDIATE RELEASE

13 August 2008

Increased Cash Offer
for EAG Limited
by EAG, Inc.,
a company formed at the direction of
Odyssey Investment Partners Fund III, LP

1. Introduction

On 18 July 2008, the Board of EAGI and the Independent Directors of EAG announced the terms of a recommended cash offer of 110 pence per EAG Share, to be made by EAGI, to acquire the entire issued and to be issued share capital of EAG other than the Acquired Shares, as subsequently made by EAGI in the Initial Offer Document.

Subsequently, on 30 July 2008, the board of directors of SVTC announced a cash offer of 120 pence per EAG Share, to be made by SVTC Bidco, for the entire issued and to be issued share capital of EAG, the terms of which are set out in the SVTC Offer Document.

Following its announcement on 31 July 2008 that it was considering its position following the announcement of the SVTC Offer, the Board of EAGI is now pleased to announce the terms of an increased cash offer of 130 pence per EAG Share, to be made by EAGI, to acquire the entire issued and to be issued share capital of EAG other than the Acquired Shares. The key highlights of the Increased Offer are:

* EAGI has received notification that acceptances of its Initial Offer have been tendered in respect of a total of 17,792,022 EAG Shares, representing, in aggregate, approximately 26.7 per cent. of EAG's existing issued share capital.

* EAGI has received further irrevocable undertakings from certain employee and other shareholders of EAG to accept the Increased Offer in respect of a total of 7,039,877 EAG Shares, representing, in aggregate, approximately 10.6 per cent. of EAG's existing issued share capital.

* EAGI has also received from American Capital Strategies, Inc. a non-binding letter of intent stating its intention to enter into an irrevocable undertaking to accept the Increased Offer in respect of the 8,275,000 EAG Shares which it holds (and which represent approximately 12.4 per cent. of the existing issued share capital of EAG) following the publication of this Announcement.

* The Interested Directors and members of the Management Team continue to be

bound by the Contribution and Subscription Agreements pursuant to which they have agreed to exchange the EAG Shares beneficially held by them (and by their family members and related trusts), which amount to, in aggregate, 10,017,485 EAG Shares, representing approximately 15.0 per cent. of the existing issued share capital of EAG, for EAGI Shares.

* In aggregate, EAGI has consequently received outstanding irrevocable undertakings, and a letter of intent to enter into an irrevocable undertaking, to accept the Increased Offer or acceptances of the Initial Offer in respect of, or is a party to Contribution and Subscription Agreements to acquire, a total of 43,165,884 EAG Shares, representing approximately 64.7 per cent. of the existing issued share capital of EAG.

* The Increased Offer is clearly superior to the SVTC Offer and has the continued support of the Interested Directors and the Management Team, together with further EAG employee support.

* Credit Suisse, financial adviser to EAGI, is satisfied that sufficient financial resources are available to EAGI to enable it to satisfy, in full, the consideration payable under the terms of the Increased Offer.

EAGI therefore strongly encourages EAG Shareholders not to accept the SVTC Offer and to accept instead the Increased Offer from EAGI, which represents a premium of approximately 8.3 per cent. to the SVTC Offer.

2. The Increased Offer

The Increased Offer will be made on the following basis:

for each EAG Share 130 pence in cash

The Increased Offer will be made on substantially the same terms, and subject to the same conditions, as set out in the Initial Offer Document, save as regards the price offered by EAGI for each EAG Share. The formal terms of the Increased Offer will be set out in the Increased Offer Document to be posted shortly to EAG Shareholders, together with the New Form of Acceptance to accept the Increased Offer. If, however, EAG Shareholders return acceptances of the Increased Offer on the Form of Acceptance despatched with the Initial Offer Document, EAGI is entitled to treat such acceptances as valid acceptances in respect of the Increased Offer on, and subject to, the terms of the Initial Offer Document.

The Increased Offer values the entire issued share capital of EAG at approximately 86.8 million. The Increased Offer Price of 130 pence per EAG Share represents:

* a premium of approximately 8.3 per cent. to the SVTC Offer of 120 pence in cash per EAG Share made on 7 August 2008;

* a premium of approximately 116.7 per cent. to the average Closing Price of 60.00 pence per EAG Share on 17 July 2008, being the last Business Day prior to the announcement of the Initial Offer; and

* a premium of approximately 116.9 per cent. to the average Closing Price of 59.93 pence per EAG Share for the three months to 17 July 2008, being the last Business Day prior to the announcement of the Initial Offer.

3. Recommendation of the Board of EAG

On 8 August 2008, following the posting of the SVTC Offer Document, the Board of EAG announced the withdrawal of the recommendation by the Independent Directors of the Initial Offer by EAGI and the recommendation by the Independent Directors of the SVTC Offer.

EAGI will, following the making of this Announcement, continue its discussions

and dialogue with the Board of EAG with a view to reaching a position whereby the Independent Directors will withdraw their recommendation of the SVTC Offer and will recommend EAG Shareholders who have not already done so to accept the Increased Offer by EAGI.

4. New irrevocable undertakings, letter of intent, acceptances of the Initial Offer and continued director and management support

EAGI has received further irrevocable undertakings in respect of the Increased Offer in respect of a total of 7,039,877 EAG Shares, representing, in aggregate, approximately 10.6 per cent. of EAG's existing issued share capital, as set out below:

* Certain employee and other shareholders of EAG have irrevocably undertaken to accept the Increased Offer in respect of their entire beneficial holdings (and those of their family members and related trusts) (or in the case of those employees who are members of the Management Team, in respect of their beneficial holdings in those EAG Shares which they are not bound to transfer to EAGI pursuant to the Contribution and Subscription Agreements), which amount to, in aggregate, 7,039,877 EAG Shares, representing approximately 10.6 per cent. of the existing issued share capital of EAG.

* American Capital Strategies, Inc. has entered into a non-binding letter of intent in favour of EAGI stating its intention to enter into an irrevocable undertaking to accept the Increased Offer in respect of the 8,275,000 EAG Shares which it holds (and which represent approximately 12.4 per cent. of the existing issued share capital of EAG) following the publication of this Announcement.

Further details of the New Irrevocable Undertakings procured by EAGI and of the letter of intent received from American Capital Strategies, Inc. are set out in Appendix II of this Announcement.

In addition, as stated in the Initial Offer Document:

* The Interested Directors have entered into Contribution and Subscription Agreements pursuant to which they have agreed to exchange the EAG Shares beneficially held by them (and by their family members and related trusts), which amount to, in aggregate, 4,334,894 EAG Shares, representing approximately 6.5 per cent. of the existing issued share capital of EAG, for EAGI Shares.

* Members of the Management Team have also entered into Contribution and Subscription Agreements pursuant to which they have agreed to exchange EAG Shares beneficially held by them (and by their family members and related trusts), which amount to, in aggregate, 5,682,591 EAG Shares, representing approximately 8.5 per cent. of the existing issued share capital of EAG, for EAGI Shares.

* The Independent Directors have irrevocably undertaken to accept the Initial Offer in respect of their entire beneficial holdings (and those of their family members and related trusts), which amount to, in aggregate, 37,500 EAG Shares, representing, in aggregate, approximately 0.1 per cent. of the existing issued share capital of EAG. These irrevocable undertakings will cease to be binding if a third party makes a timely competing cash offer for EAG at a premium to the value of the Initial Offer which is not matched by EAGI within 14 days of the announcement of the competing cash offer. The Independent Directors continue to be bound by the terms of these irrevocable undertakings and accordingly the Independent Directors have confirmed that they are not currently in a position whereby they are contractually able to accept the SVTC Offer.

As at 12 August 2008, being the last Business Day prior to this Announcement, EAGI had received acceptances of the Initial Offer as follows:

* EAGI had received acceptances from EAG Shareholders who had irrevocably undertaken to accept the Initial Offer in respect of, in aggregate, 17,788,022 EAG Shares, representing approximately 26.7 per cent. of the existing issued share capital of EAG. Acceptances made pursuant to these undertakings will be treated as acceptances of the Increased Offer.

* EAGI had also received a further acceptance of the Initial Offer in respect of an additional 4,000 EAG Shares, representing less than 0.1 per cent. of the existing issued share capital of EAG. This acceptance will also be treated as an acceptance of the Increased Offer.

Accordingly, EAGI has received irrevocable undertakings, and a letter of intent to enter into an irrevocable undertaking, to accept the Increased Offer and acceptances of the Initial Offer in respect of, or is party to Contribution and Subscription Agreements to acquire, a total of 43,165,884 EAG Shares, representing approximately 64.7 per cent. of the existing issued share capital of EAG.

5. Financing for the Increased Offer

Full implementation of the Increased Offer would result in cash consideration of approximately 74.1 million being payable to EAG Shareholders and participants in the EAG Share Option Scheme (excluding the value of EAGI Shares received by certain EAG employees and directors (including the Interested Directors) who have agreed to exchange their EAG Shares for EAGI Shares). In addition, as previously stated, EAGI intends to pay off all amounts outstanding under EAG's existing debt facilities with The Royal Bank of Scotland concurrently with completion of the Increased Offer. Repaying this debt and paying for all EAG Shares acquired pursuant to the Increased Offer will be financed through a combination of equity capital previously committed by Odyssey, GE Capital and Newstone and acquisition finance facilities pursuant to the Amended and Restated Financing Agreements, comprised of the following:

- * a senior secured term loan facility provided by GE Capital and GMAC Commercial Finance in the amount of \$50 million and a revolving facility provided by GE Capital in the amount of \$10 million (of which up to \$6 million will be drawn at closing); and

- * \$60 million of senior subordinated notes purchased by Newstone.

Copies of each of the Amended and Restated Financing Agreements will be available for inspection upon despatch of the Increased Offer Document. Copies of each of the Initial Financing Agreements are currently available for inspection, being included in the set of material contracts on display in accordance with the terms of the Initial Offer Document.

From the time of entering into the Exclusivity Agreement with EAG and actively arranging the financing for its Initial Offer, EAGI has sought to ensure that the terms of the financing available under the Credit Facilities provide "certain funds", as would be required if the offer for EAG were subject to the City Code. Odyssey instructed Credit Suisse, a major international bank to provide it with financial advice in conjunction with the offer by EAGI for EAG and in particular to provide EAGI with comfort and confirmation regarding the sufficiency of financial resources for purposes of the offer by EAGI. After appropriate due diligence and having obtained its own advice, Credit Suisse is able to make the following confirmation (on the same basis as it would if this were an offer governed by the City Code) :

Credit Suisse, financial adviser to EAGI, is satisfied that sufficient financial resources are available to EAGI to enable it to satisfy, in full, the

consideration payable under the terms of the Increased Offer.

The Increased Offer will be conditional upon the funding to be provided pursuant to the Amended and Restated Financing Agreements continuing to be available in similar terms as the condition under the Initial Offer set out in sub-paragraph (b) of Part A of Appendix I of the Initial Offer Document. However, the Board of EAGI considers that the inclusion of this condition to the Increased Offer does not result in any material difference in the certainty of the Increased Offer when compared to the SVTC Offer. Further, as at the date of this Announcement, EAGI confirms that it is not aware of any circumstances which indicate that this condition will not be satisfied.

6. Disclosure of interests in EAG Shares

As at the close of business on 12 August 2008 (being the latest Business Day prior to the date of this Announcement), neither EAGI nor any of its directors, nor, so far as EAGI is aware, any person acting in concert with EAGI: (i) had any interest in or right to subscribe for any relevant EAG Shares other than pursuant to the Contribution and Subscription Agreements, nor (ii) had any short positions in respect of relevant EAG Shares (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to take delivery, nor (iii) had borrowed or lent any relevant EAG Shares (save for any borrowed shares which have been on-lent or sold).

7. Compliance with the City Code

Under the terms of the Initial Implementation Agreement, EAGI agreed with EAG, for so long as the Board of EAG recommended the offer to be made by EAGI for EAG, to comply in all material respects (subject to certain exceptions) with the City Code, so far as applicable, in the conduct and execution of the Initial Offer as though EAG were subject to the City Code. Following the execution of the Initial Implementation Agreement, SVTC Bidco made an announcement that it was considering a possible higher competing offer for EAG. In the light of this Announcement, EAGI agreed with EAG that, as SVTC Bidco had not made any statement at the time of its intention of complying with the City Code, it would be in the best interests of EAG Shareholders to ensure a level playing field amongst possible offerors for EAG and to this end, EAGI should preserve the ability to conduct and execute its Initial Offer with the same level of flexibility as SVTC Bidco or any other competing offeror for EAG. Accordingly, EAG and EAGI agreed to a variation of the Initial Implementation Agreement, as set out in a supplemental deed entered into between EAG and EAGI on 23 July 2008, pursuant to which it was agreed that the obligation of EAGI to comply with the City Code would only continue for so long as the Independent Directors recommended the Initial Offer and no competitive situation arose. Since the entry into of the supplemental deed to vary the Initial Implementation Agreement, a competitive situation has arisen and the Independent Directors have, as noted above, withdrawn their recommendation of the Initial Offer.

Whilst EAGI is therefore no longer bound under the terms of the Implementation Agreement to comply in all material respects with the City Code, and provided that it is not placed at a competitive disadvantage thereby, EAGI intends to continue to comply, in all material respects (subject to the previously mentioned exceptions, so far as relevant) with the City Code, so far as applicable, in the conduct and execution of the Increased Offer, as though EAG were subject to the City Code.

EAGI notes that SVTC Bidco has stated in the SVTC Offer Document that it intends to comply in all material respects with the City Code, insofar as this is reasonably practicable taking into account the lack of involvement of the Panel

and the fact that the SVTC Offer is made without the recommendation of the Independent EAG Directors, but reserving at the same time the right to cease to comply with the City Code in circumstances where EAGI, or any other bidder for EAG, fails to comply with the City Code and the result is, in the opinion of the SVTC Directors, that continuing compliance with the City Code would place SVTC Bidco at a competitive disadvantage to any such bidder.

EAGI notes that it has not been disclosed that this statement of intention by SVTC Bidco has been documented in any formal contractual agreement with EAG. EAGI notes further that, notwithstanding this statement of intended compliance with the City Code, SVTC Bidco has reserved the right to cease to comply with the City Code in circumstances where it determines, in the subjective opinion of the board of directors of SVTC Bidco, that continuing compliance will place it at a competitive disadvantage. EAGI further notes that SVTC Bidco has failed to comply with the requirements of Rule 24.2(f) by failing to provide any details of how the SVTC Offer is to be financed, notwithstanding that the risk of minority shareholders continuing to hold EAG Shares following an offer for EAG cannot be determined at this stage to be negligible. No summary of the financing documents for the SVTC Offer is contained in the SVTC Offer Document nor are any documents relating to the same stated to be available for inspection. Accordingly, EAG Shareholders are not able to assess the nature or extent of the terms (including as to conditionality) to which the funding for the SVTC Offer is subject. This is to be contrasted with the details disclosed, and to be disclosed, regarding the financing documents entered into conjunction with the Initial Offer and the Increased Offer, respectively, by EAGI and the copies of the same currently available, and to be made available (upon posting of the Increased Offer Document), for inspection by EAGI.

8. General

Save as set out in this Announcement, the Increased Offer will be made on substantially the same terms and subject to the same conditions as set out in the Initial Offer Document.

The Increased Offer Document setting out the full terms of the Increased Offer together with the New Form of Acceptance will be posted to EAG Shareholders as soon as reasonably practicable. In deciding whether or not to accept the Increased Offer, EAG Shareholders should rely solely on the information contained in, and follow the procedures set out in, the Initial Offer Document, the Increased Offer Document, the Form of Acceptance and the New Form of Acceptance.

Appendix I contains source notes relating to certain information contained in this Announcement. Appendix II contains further details of the New Irrevocable Undertakings and the letter of intent received from American Capital Strategies, Inc. and an update on certain irrevocable undertakings previously obtained by EAG.

Terms used, but not defined, in this Announcement shall have the same meanings given to them in the Initial Offer Document. Certain further terms used in this Announcement are defined in Appendix III.

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Credit Suisse, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting exclusively for EAGI and no one else in connection with the Increased Offer and will not be responsible to anyone other than EAGI for providing the protections afforded to its clients or for providing advice in relation to the Increased Offer or in relation to the matters described in this Announcement or any transaction or arrangement referred to herein.

This Announcement is not intended to and does not constitute or form any part of an offer to sell or an invitation to purchase or subscribe for any securities or the solicitation of an offer to purchase or subscribe for any securities pursuant to the Increased Offer or otherwise. The Increased Offer will be made solely through the Increased Offer Document and the New Form of Acceptance, which will together contain the full terms and conditions of the Increased Offer, including details of how to accept the Increased Offer. Any acceptance or other response to the Increased Offer should be made only on the basis of the information contained in the Initial Offer Document, the Increased Offer Document, the Form of Acceptance and the New Form of Acceptance.

The release, publication or distribution of this Announcement in jurisdictions other than the UK and Jersey may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than the UK and Jersey should inform themselves about, and observe, any applicable requirements. Any failure to comply with the applicable requirements may constitute a violation of the securities laws of any such jurisdiction. This Announcement has been prepared for the purpose of complying with the laws of the UK and Jersey and the information disclosed herein may not be the same as that which would have been disclosed if this Announcement had been prepared in accordance with the laws of jurisdictions outside the UK and Jersey.

The Increased Offer will not be made, directly or indirectly, in or into, and the Increased Offer will not be capable of acceptance from within, Canada, Australia or Japan or any other jurisdiction if to do so would constitute a violation of the relevant laws of such jurisdiction. Accordingly, copies of this Announcement are not being, will not be and must not be mailed or otherwise forwarded, distributed or sent in, into or from Canada, Australia or Japan or any other such jurisdiction if to do so would constitute a violation of the relevant laws of such jurisdiction. Any persons (including without limitation custodians, nominees or trustees) receiving this Announcement must not mail, forward, distribute or send it in, into or from Canada, Australia or Japan or any other jurisdiction if to do so would constitute a violation of the relevant laws of such jurisdiction.

Forward-Looking Statements

This Announcement, including information included or incorporated by reference in this Announcement, may contain "forward-looking statements" concerning the Increased Offer, EAGI and the EAG Group. These statements are based on the current expectations of the management of EAGI and are naturally subject to uncertainty and changes in circumstances. Generally the words "will", "may", "should", "could", "would", "can", "continue", "opportunity", "believes", "expects", "intends", "anticipates", "estimates" or similar expression identify forward looking statements. Forward-looking statements involve risk and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond the companies' abilities to control or estimate precisely, such as future market conditions and the behaviours of other market participants. These factors include the satisfaction

of the conditions to the Increased Offer, as well as additional factors, such as: local and global political and economic conditions; significant price discounting by competitors; changes in consumer habits and preferences; foreign exchange rate fluctuations and interest rate fluctuations (including those from any potential credit rating decline); legal or regulatory developments and changes; the outcome of any litigation; the impact of any acquisitions or similar transactions; competitive product and pricing pressures; success of business and operating initiatives; and changes in the level of capital investment. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements. Given these risks and uncertainties, undue reliance should not be placed on forward-looking statements as a prediction of actual results. EAGI assumes no obligation and does not intend to update these forward-looking statements whether as a result of new information or otherwise, except as required pursuant to applicable law and regulation.

APPENDIX I

BASES AND SOURCES OF INFORMATION AND FURTHER INFORMATION

(a) The maximum value of the Increased Offer attributable to the entire issued ordinary share capital of EAG (and other statements made by reference to the issued share capital of EAG) is based on there being 66,741,044 EAG Shares in issue as at the date of this Announcement as derived from the announcement made by EAG on 11 August 2008. In addition, as disclosed in the EAG options register provided by an authorised representative of EAG prior to the announcement made by EAGI on 18 July 2008 of its firm intention to make an offer for EAG, there exist in-the-money options and conversion rights for ordinary shares over a further 420,000 EAG Shares.

(b) The Increased Offer is based on there being no declaration or payment of any further dividends on any EAG Shares, including any interim dividend.

(c) The Closing Prices of EAG Shares represent the closing middle market prices for EAG Shares on the relevant dates taken as derived from the Daily Official List.

(d) The three month average share price for EAG Shares has been calculated using the closing middle market prices for EAG Shares on the relevant dates taken as derived from Datastream.

(e) All information relating to SVTC, any member of the SVTC Group and the offer by SVTC Bidco for EAG has been derived from announcements made by or on behalf of SVTC Bidco to a Regulatory Information Service and from the SVTC Offer Document.

(f) All information relating to EAG, including statements of the Independent Directors, has been derived from publicly available information including statements made by or on behalf of the Independent Directors to a Regulatory Information Service.

APPENDIX II

DETAILS OF IRREVOCABLE UNDERTAKINGS AND OTHER CONTRACTUAL COMMITMENTS TO SUPPORT THE INCREASED OFFER

(a) EAGI has obtained additional irrevocable undertakings to accept or procure the acceptance of the Increased Offer from certain employee and other shareholders of EAG in respect of the following EAG Shares owned by them or their connected persons:

	Number of EAG Shares	% of the Existing
Issued Share Capital of EAG		
Employee shareholder irrevocable undertakings (including undertakings by family members thereof)		
Vincent Franceschi, John Keyashian, Anuradha Biswas, Roger J. Bleiler, Ian Kelly, Jeffrey R. Shallenberger, Cheri E. Mezzapelle, Ihab M. Abdelrehim, Boying Han & Wei Zhao, Karol Putyera, Raymond J. Caron, David A. Cole, Alexandre & Irina Erimov, Angela Craig, Gary G. Goodman, Hektor Hebert, Nicole Cuq, Lori A. Lavanier, James C. Norberg, Steven W. Novak, Patrick H. Schnabel, Chunsheng Tian, James H. Gibson, Wei Ou, Arwa Ginwalla & Zoher Bambot, Thomas F. Fister, Lynn C. Aspinwall, John W. Marino, John Moskito, Patrick J. McKeown, Ian A. & Carol Mowat, James H. Ferris, Vasil Pajcini, Gregory S. Strossman, Jeffrey F. Kipnis, Nancy Blomin Kipnis, William J. O'Brien, X (Shaw) Wang, Mr. & Mrs. Cuq, Augusta Tartarelli, Gregory L. Gephart, Yuman Gao, Charles Magee, Larry & Hong Alice Wang, Gary Mount, Scott Baumann, Sukanta Biswas, Temel Buyuklimanliand John Newman.	5,137,706	7.7
Non-employee shareholder irrevocable undertakings		
The Karen Stockton Living Trust, Gaudenz F. Domenig, David L. Mahoney, Ryan M. Patch, John P. Grazer, RVR Partners LLC, Charles A. Evans, Stephen Miller and Thomas Pfeil.	1,902,171	2.9
TOTAL	7,039,877	10.6

The additional irrevocable undertakings will cease to be binding in the event that the Increased Offer lapses or is withdrawn or in the event that prior to the seventh day after the posting of the Increased Offer Document, a third party announces a firm intention to make a cash offer (whether such cash offer is recommended or otherwise), or to revise an existing offer to acquire the whole of the issued share capital of EAG not already owned by such third party at a premium to the value of the Increased Offer which is not matched by EAGI within 14 days of the announcement of the competing cash offer.

(b) At the time of the announcement of the Initial Offer, EAGI obtained irrevocable undertakings to accept or procure the acceptance of the Initial Offer from certain shareholders of EAG including in respect of the following EAG Shares owned by them or their connected persons:

	Number of EAG Shares	% of the Existing Issued
Share Capital of EAG		
Reach Capital LP	9,967,304	14.9
Polar Capital Forager Fund Limited	3,375,000	5.1
Gracie Capital International, Ltd and Gracie Capital International, II Ltd	4,500,000	6.7
Independent Directors	37,500	0.1
TOTAL	17,879,804	26.8

Acceptances have now been received from certain of those shareholders in respect of the Initial Offer as follows:

	Number of EAG Shares	% of the Existing Issued
Share Capital of EAG		
Reach Capital LP	9,723,022	14.6

Polar Capital Forager Fund Limited	3,375,000	5.1
Gracie Capital International, Ltd and Gracie Capital International, II Ltd	4,690,000	7.0
Independent Directors	0	0.0
TOTAL	17,788,022	26.7

Acceptances made pursuant to these undertakings will be treated as acceptances of the Increased Offer. Each of these undertakings will lapse if the Initial Offer (as revised from time to time, including by way of the Increased Offer) is withdrawn or lapses. The undertakings referred to above would have terminated if, on or before 13 August 2008 (being 14 days after the announcement by SVTC of the SVTC Offer), EAGI had failed to announce a revised offer which was at least equal to the consideration offered by SVTC Bidco.

(c) Prior to the announcement of the Initial Offer, EAGI also obtained an irrevocable undertaking to accept or procure the acceptance of the Initial Offer from American Capital Strategies, Inc. in respect of 8,275,000 EAG Shares, representing approximately 12.4 per cent. of the existing issued share capital of EAG. The undertaking from American Capital Strategies, Inc. ceased to be effective upon the announcement by SVTC Bidco of a higher competing offer for EAG. On 31 July 2008, American Capital Strategies, Inc. entered into an irrevocable undertaking with SVTC Bidco to accept the SVTC Offer. American Capital Strategies, Inc. has however ceased to be bound by the obligations under the undertaking given to SVTC upon the making of this Announcement setting out the terms of the Increased Offer. American Capital Strategies, Inc. has now entered into a non-binding letter of intent in favour of EAGI stating its intention to enter into an irrevocable undertaking to accept the Increased Offer in respect of the 8,275,000 EAG Shares which it holds (and which represent approximately 12.4 per cent. of the existing issued share capital of EAG) following the publication of this announcement. Such irrevocable undertaking, if entered into, will cease to be binding in the event that a party other than EAGI (or one of its subsidiaries) announces a firm intention to make an offer for EAG at a price per EAG Share which represents, at the date on which such firm intention is announced, an improvement in the price per share available under the Increased Offer.

(d) As stated in the Initial Offer Document:, the Interested Directors have entered into Contribution and Subscription Agreements pursuant to which they have agreed to exchange the EAG Shares beneficially held by them (and by their family members and related trusts), which amount to, in aggregate, 4,334,894 EAG Shares, representing approximately 6.5 per cent. of the existing issued share capital of EAG, for EAGI Shares. These Contribution and Subscription Agreements are conditional upon the Increased Offer becoming or being declared unconditional in all respects. The Interested Directors continue to be bound by the terms of these agreements. Members of the Management Team have also entered into Contribution and Subscription Agreements pursuant to which they have agreed to exchange EAG Shares beneficially held by them (and by their family members and related trusts), which amount to, in aggregate, 5,682,591 EAG Shares, representing approximately 8.5 per cent. of the existing issued share capital of EAG, for EAGI Shares. These Contribution and Subscription Agreements are conditional upon the Increased Offer becoming or being declared unconditional in all respects. Members of the Management Team continue to be bound by the terms of these agreements.

Accordingly, EAGI has received irrevocable undertakings, and a letter of intent to enter into an irrevocable undertaking, to accept the Increased Offer and acceptances of the Initial Offer in respect of, or is party to Contribution and Subscription Agreements to acquire, a total of 43,165,884 EAG Shares, representing approximately 64.7 per cent. of the existing issued share capital of EAG.

APPENDIX III

FURTHER DEFINITIONS

The following definitions apply throughout this Announcement, unless the context requires otherwise:

"Amended and Restated Financing Agreements" (i) the Amended and Restated Credit Agreement dated as of 12 August 2008 among EAGI, the Lenders and L/C Issuers (in each case as defined therein) party thereto from time to time and GE Capital, as Administrative Agent; and (ii) the Amended and Restated Note Purchase Agreement dated as of 12 August 2008, between Newstone and EAGI

"Announcement" this announcement made by EAGI regarding the proposed offer for EAG by means of the Increased Offer

"GMAC Commercial Finance" GMAC Commercial Finance LLC

"Increased Offer" the increased cash offer referred to in this Announcement to be made by EAGI on the terms and subject to the conditions to be set out in the Increased Offer Document, to acquire the entire issued and to be issued share capital of EAG (other than the Acquired Shares) and, where the context admits, any subsequent revision, variation, extension or renewal thereof

"Increased Offer Document" the formal document to be sent shortly to holders of EAG Shares and for information only to participants in the EAG Share Option Scheme, containing amongst other things, the terms and conditions of the Increased Offer

"Increased Offer Price" 130 pence per EAG Share

"Initial Financing Agreements" (i) the Credit Agreement dated 18 July 2008, among EAGI, the Lenders and L/C Issuers (in each case as defined therein) party thereto from time to time and GE Capital, as Administrative Agent and (ii) the Note Purchase Agreement dated as of 18 July 2008, between Newstone and EAGI

"Initial Implementation Agreement" the deed entered into by EAG and EAGI dated 18 July 2008 relating, inter alia, to the application of the City Code

"Initial Offer" the recommended cash offer made by EAGI on 24 July 2008, on the terms and subject to the conditions set out in the Initial Offer Document and Form of Acceptance, to acquire the entire issued and to be issued share capital of EAG (other than the Acquired Shares)

"Initial Offer Document" the document sent to holders of EAG Shares and for

information

July

"New Form of Acceptance"
the

Increased

"New Irrevocable Undertakings"

Appendix

"SVTC"
company)

"SVTC Bidco"
wholly

"SVTC Offer"

"SVTC Offer Document"
on 7

issued

held,

EAG

only to participants in the EAG Share Option Scheme on 24

2008, containing, amongst other things, the terms and
conditions of the Offer (as defined therein)

the form of acceptance, election and authority relating to

Increased Offer which will be distributed with the

Offer Document

the further irrevocable undertakings obtained by EAGI in
connection with the Increased Offer as summarised in

II of this Announcement

SVTC Technologies, LLC (a Delaware limited liability

SVTCA, LLC (a Delaware limited liability company, and a

owned subsidiary of SVTC)

the offer made by SVTC Bidco as set out in the SVTC Offer
Document

the offer document which SVTC Bidco announced was posted

August 2008 setting out the terms of its offer for the

and to be issued share capital of EAG (other than shares

or which become held, in treasury by EAG) at 120 pence per

More to follow, for following part double-click [nRn2M2804B]