

REG-EAG Limited Recommended Cash Offer - Part 1

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EAG Limited

18 July 2008

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

Summary

- The Board of EAG, Inc. ("EAGI") and the Independent Directors of EAG Limited ("EAG") are pleased to announce the terms of a recommended cash offer, to be made by EAGI, to acquire the entire issued and to be issued share capital of EAG other than the Acquired Shares.
- Under the terms of the Offer, EAG Shareholders will receive, for each EAG Share held, 110 pence in cash valuing the entire issued share capital of EAG at approximately 73.4 million. The offer price of 110 pence per EAG Share represents:
 - A premium of approximately 83.3 per cent. to the Closing Price of 60.00 pence per EAG Share on 17 July 2008, being the last Business Day prior to this announcement;
 - A premium of approximately 83.6 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 this announcement; and
 - A multiple of approximately 32.8 times EAG's reported earnings per share (pre special items) of \$0.067 for the year ended 31 December 2007.
- EAG is a leading materials science group, providing a wide range of sophisticated microanalytical surface testing, materials characterisation and microelectronic "release to production" ("RTP") and failure analysis testing services.
- EAGI is a newly incorporated company formed at the direction of Odyssey Investment Partners Fund III, LP ("Odyssey") for the purpose of implementing the Offer.
- The Independent Directors, who have been so advised by Lazard & Co., Limited ("Lazard"), and Numis Securities Limited ("Numis"), consider the terms of the Offer to be fair and reasonable. In providing advice to the Independent Directors, Lazard and Numis have taken into account the commercial assessments of the Independent Directors. Accordingly, the Independent Directors intend unanimously to recommend the Offer and have irrevocably undertaken to accept the Offer in respect of their own beneficial holdings (and those of their family members and related trusts), which amount, in aggregate, to 37,500 EAG Shares, representing approximately 0.1 per cent. of the existing issued share capital of

EAG.

- David Lahar and Jim Cowart (the "Interested Directors") have each agreed in respect of a total of 4,334,894 EAG Shares representing approximately 6.5 per cent. of the current issued share capital of EAG, to sell the EAG Shares held by them to EAGI outside of the Offer, but conditional on the Offer becoming unconditional, in consideration for the issue of 4,334,894 shares in EAGI Shares representing approximately 7.1 per cent. of the existing issued share capital of EAGI.

- EAGI has also contractually agreed to acquire a total of 5,682,591 EAG Shares (representing approximately a further 8.5 per cent. of the current issued share capital of EAG) from the Management Team outside of the Offer, but conditional on the Offer becoming unconditional, in consideration for the issue of 5,682,591 EAGI Shares representing approximately 9.2 per cent. of the existing issued share capital of EAGI.

- In addition, irrevocable undertakings to accept the Offer have been obtained from certain EAG Shareholders in respect of interests in EAG Shares and EAG Shares beneficially held by them of a total of 26,117,304 representing approximately a further 39.1 per cent. of the existing issued share capital of EAG.

- Accordingly, EAGI has received, in aggregate, irrevocable undertakings to accept the Offer or has contractually agreed to acquire a total of 36,172,289 EAG Shares or interests in EAG Shares, representing approximately 54.2 per cent. of the existing issued share capital of EAG.

- Credit Suisse Securities (Europe) Limited ("Credit Suisse") is acting as exclusive financial adviser to EAGI. Lazard and Numis are acting as joint financial advisers to EAG.

Commenting on the Offer, Ian Johnson, Chairman of the committee of Independent Directors of EAG said:

"The Independent Directors believe that the Offer provides both an attractive premium and certainty of value for EAG Shareholders, especially against the current backdrop of uncertainty in general economic conditions. We believe that EAGI has the financial resources and expertise to invest actively in the future development of EAG, thus enhancing EAG's market position for the benefit of its customers and employees".

Commenting on the Offer, William Hopkins, a director of EAGI, said:

"EAG is an attractive opportunity for Odyssey to build a leading platform in the testing services market. Odyssey believes that EAG is well positioned as the premier provider of microanalytical surface analysis, materials characterisation and microelectronic RTP testing services with an exceptional management team. We look forward to partnering with management and are excited by the scope for EAG's long-term growth and development".

This summary should be read in conjunction with, and is subject to, the full text of the following announcement and the Appendices. Appendix I sets out the conditions and the principal further terms of the Offer, Appendix II contains information on bases and sources used in this announcement, Appendix III provides information in relation to the irrevocable undertakings and the agreements to exchange EAG Shares and Appendix IV contains definitions of certain terms used in this announcement.

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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 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 Offer or in relation to the matters described in this announcement or any transaction or arrangement referred to herein.

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

Numis, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting exclusively for EAG and no one else in connection with the Offer and will not be responsible to anyone other than EAG for providing the protections afforded to its clients or for providing advice in relation to the 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 Offer or otherwise. The Offer will be made solely through the Offer Document and the Form of Acceptance, which together will contain the full terms and conditions of the Offer, including details of how to accept the Offer. Any acceptance or other response to the Offer should be made only on the basis of the information contained in the Offer Document and the 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 or 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 Offer will not be made, directly or indirectly, in or into, and the 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 Offer, EAGI, and the EAG Group. These statements are based on the current expectations of the management of EAGI and EAG 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 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 and EAG assume no obligation and do 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.

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FOR IMMEDIATE RELEASE

18 July 2008

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

1. Introduction

The Board of EAGI and the Independent Directors of EAG are pleased to announce the terms of a recommended cash offer, to be made by EAGI, to acquire the entire issued and to be issued share capital of EAG other than the Acquired Shares.

EAGI is a newly incorporated Delaware company formed at the direction of Odyssey for the purpose of implementing the Offer.

2. The Offer

Under the Offer, which will be subject to the terms and conditions set out below (and in Appendix I) and to be set out in the Offer Document and, in the case of EAG Shares held in certificated form, the Form of Acceptance, EAG Shareholders will receive 110 pence in cash for each EAG Share valuing the entire issued share capital of EAG at approximately 73.4 million. The Offer Price represents:

- A premium of approximately 83.3 per cent. to the Closing Price of 60.00 pence per EAG Share on 17 July 2008, being the last Business Day prior to this announcement;
- A premium of approximately 83.6 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 this announcement; and
- A multiple of approximately 32.8 times EAG's reported earnings per share (pre special items) of \$0.067 for the year ended 31 December 2007.

EAG Shares will be acquired by EAGI fully paid and free from all liens, charges, equitable interests, encumbrances, rights of pre-emption and other third party rights or interests and together with all rights now or hereafter attaching thereto, including, without limitation, the right to receive and retain all dividends and other distributions (if any) announced, declared, made or paid hereafter.

3. Recommendation

The Independent Directors of EAG, who have been so advised by Lazard and Numis, consider the terms of the Offer to be fair and reasonable. In providing advice to the Independent Directors of EAG, Lazard and Numis have taken into account the commercial assessments of the Independent Directors.

Accordingly, the Independent Directors intend unanimously to recommend that EAG Shareholders accept the Offer and have irrevocably undertaken to accept the Offer in respect of their own beneficial holdings (and those of their family members and related trusts), which amount, in aggregate, to 37,500 EAG Shares, representing approximately 0.1 per cent. of the existing issued share capital of EAG.

4. Irrevocable undertakings and agreements to exchange EAG Shares

EAGI has received irrevocable undertakings to accept the Offer and contribution and subscription agreements to exchange EAG Shares for EAGI Shares in respect of a total of 36,172,289 EAG Shares, representing, in aggregate, approximately 54.2 per cent. of EAG's existing issued share capital, as set out below:

(a) The Independent Directors have irrevocably undertaken to accept the 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 Offer which is not matched by EAGI within 14 days of the announcement of the competing cash offer.

(b) 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 those of their family members and related trusts) for EAGI Shares, which amount to, in aggregate 4,334,894 EAG Shares, representing, in aggregate, approximately 6.5 per cent. of the existing issued share capital of EAG. These contribution and subscription agreements are conditional upon the Offer becoming or being declared unconditional in all respects.

(c) The Management Team have also entered into contribution and subscription agreements pursuant to which they have agreed to exchange EAG Shares beneficially owned by them (and those of their family members and related trusts) for shares of EAGI, amounting to, in aggregate, 5,682,591 EAG Shares, representing, in aggregate, approximately 8.5 per cent. of the existing issued share capital of EAG. These contribution and subscription agreements are conditional upon the Offer becoming or being declared unconditional in all respects.

(d) Certain other EAG Shareholders have irrevocably undertaken to accept this Offer in respect of their beneficial holdings or interests in EAG Shares which relate to, in aggregate 26,117,304 EAG Shares, representing, in aggregate, 39.1 per cent. of the existing issued share capital of EAG.

Further details of these irrevocable undertakings and agreements to exchange EAG Shares are set out in Appendix III of this announcement.

5. Background to and reasons for the Offer

In 2007, Odyssey identified the testing services industry as an attractive area in which to pursue acquisitions recognising it was a large and fragmented market with the potential for strong growth due to increasing concerns with product quality, safety and performance and the general long term sector trend towards outsourcing in-house testing services.

As a result, Odyssey proactively searched for testing services acquisition targets that possessed the following characteristics: (i) a strong management team with acquisition experience; (ii) a leading position in its served markets; (iii) a provider of high value services as evidenced by attractive margins; and (iv) an experienced and strong employee base.

Odyssey believes EAG possesses these characteristics and is an attractive investment. Odyssey sees the acquisition of EAG as an excellent investment in a leading provider of microanalytical surface analysis and materials characterisation testing services. Odyssey, through EAGI, intends to continue to invest in the organic growth of both EAG's Surface Analysis and RTP services businesses, as well as to pursue selective acquisitions that complement or extend EAG's existing testing services. Through the development of additional testing services capabilities, Odyssey believes EAG can become a more valuable service provider to its existing customers, attract new customers and create additional opportunities for its employees. Odyssey recognises the future prospects of EAG and is excited to be making an offer for a company with the capability for long-term growth and development.

Odyssey has recognised the significant achievements of the management team and employees of EAG in developing the EAG business and intends to support them in implementing their existing plans for the future.

6. Background to and reasons for recommending the Offer

Since its admission to trading on AIM in June 2007, EAG has continued to position itself as a leading provider of testing services to the public sector in selected international markets. This has been achieved through a combination of organic growth and acquisitions, as well as the development of a broader service offering to customers.

On 19 December 2007, the Board of EAG announced in a trading update that due to higher than anticipated expense levels in the second half of the year, principally due to higher than expected personnel and system costs to upgrade its finance function following the admission to trading on AIM, additional costs from the acceleration of the acquisition strategy and one-off severance and related costs, that operating profit for the financial year ending 31 December 2007 would be below market expectations. The Board of EAG also announced it had carried out a review of the EAG Board and management structure of the Company and, with immediate effect, had implemented a reorganisation of the Board and senior management.

In a further announcement on 19 December 2007, the Board of EAG announced that it had terminated the Company's acquisition program with immediate effect and had initiated a full strategic review of the business, including the possibility of an outright sale of EAG. Since then, the Independent Directors and their financial advisers have both invited, and independently sought expressions of interest, from both potential trade and financial buyers.

As part of these discussions, following indicative expressions of interest, a number of parties were allowed access to due diligence as part of a competitive process. The Offer being announced today represents the conclusion of that competitive process.

The Independent Directors believe that the Offer fairly reflects the current market position of the business, its past performance to date, and its prospects. The Independent Directors believe that the Offer from EAGI of 110 pence in cash per EAG Share provides both an attractive premium and certainty of value today for EAG Shareholders, particularly given the current uncertainty in general economic conditions. Although the Independent Directors believe that EAG would develop were it to remain an independent company, the Independent Directors cannot be certain that EAG's share price would be equivalent to that envisaged under the Offer in the near term.

In considering whether the Offer is fair and reasonable, the Independent Directors have considered that the Offer represents:

- A premium of approximately 83.3 per cent. to the Closing Price of 60.00 pence per EAG Share on 17 July 2008, being the last Business Day prior to this announcement;
- A premium of approximately 83.6 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 this announcement; and
- A multiple of approximately 32.8 times EAG's reported earnings per share (pre special items) of \$0.067 for year ended 31 December 2007.

Having taken into account all material factors, including those mentioned above, the Independent Directors believe that the Offer is fair and reasonable and will unanimously recommend it to all EAG Shareholders.

Given the involvement of the Interested Directors in the Offer (as referred to

below), neither of the Interested Directors are deemed to be independent for the purposes of the Offer, and they have not taken part in the recommendation by the Independent Directors in relation to the Offer, nor have they publicly expressed their views or opinions in relation to it.

7. Management Arrangements

As part of the terms of EAGI making the Offer, EAGI offered certain members of the senior management team of EAG, comprising the Interested Directors and the Management Team, the opportunity to exchange their EAG Shares for EAGI Shares.

Accordingly, pursuant to contribution and subscription agreements between EAGI and each of the Interested Directors and members of the Management Team, the Interested Directors and the Management Team have agreed (conditional upon all conditions to the Offer and the Credit Facilities having been waived or satisfied) to contribute all or some of their EAG Shares in exchange for EAGI Shares. This share exchange will be a 1:1 exchange and EAGI anticipates that such exchange will be completed within 14 days after the Offer becomes or is declared unconditional in all respects.

Following the Offer becoming or being declared unconditional in all respects and the exchange of EAG Shares into EAGI Shares taking place as referred to above, it is anticipated that the EAGI Shares will be approximately held as to 7.1 per cent. by the Interested Directors and 9.2 per cent. by the Management Team.

Further details on the Management Arrangements, including details of the contribution and subscription agreement and related ancillary agreements will be set out in the Offer Document.

It is anticipated that from time to time following the Offer being declared unconditional in all respects, a number of additional employees of EAG may be given the opportunity to subscribe for and/or receive an allocation of EAGI Shares, although arrangements or undertakings have not been made with any such employees.

EAGI has also received undertakings from each of the Interested Directors in connection with the Offer pursuant to which they have agreed to exercise the voting rights attached to the EAG Shares which they (or their family members and trusts) hold on matters connected with the Offer in accordance with EAGI's directions and the Interested Directors also provided certain other undertakings including relating to dealings in such shares.

Lazard and Numis consider that the terms of the arrangements between EAGI on the one hand and each of the Management Team and Interested Directors who hold EAG Shares on the other hand taken as a whole, are fair and reasonable so far as the Independent Shareholders are concerned.

8. Information on EAG

EAG is a leading materials science group, providing a wide range of sophisticated microanalytical surface testing, materials characterisation and microelectronic RTP and failure analysis testing services. EAG customers are primarily the research and product development departments of companies working with advanced materials, material surfaces, thin layers or integrated circuit design. EAG provides analytical testing services to a broad range of end-user market segments, including electronic materials, specialty metals and alloys, semiconductor capital equipment, semiconductor fabrication, fabless semiconductor companies, biomedical, pharmaceutical, and aerospace and defence. EAG has a highly diversified customer base, with more than 3,000 active customers in 2007 and no single customer accounting for more than 4 per cent. of total 2007 Company reported revenues.

EAG is organised into two operating groups: Surface Analysis and RTP Services.

- The Surface Analysis operating group is one of the world's largest providers of microanalytical surface analysis and materials characterisation testing services, supporting the R&D departments of companies in more than 20 end-user industry segments. With 30 individual testing techniques and more than 150 major analytical instruments, the Surface Analysis group has the broadest range of testing capabilities in the industry.

- The RTP Services operating group provides a range of RTP testing and failure analysis services primarily to fabless semiconductor companies, semiconductor capital equipment and integrated device manufacturers. In bringing an integrated circuit design from conceptualisation to volume production, a wide range of failure analysis and testing services are required, including automated test program development, automated testing, failure analysis, advanced microscopy, circuit edit and modification, reliability and stress testing, and electrostatic discharge testing. Most fabless semiconductor and mid-sized integrated device manufacturers seek to outsource this range of RTP and failure analysis services.

EAG is among the largest provider of such testing and analysis services in the world.

EAG's testing services are broadly used in developing new processes or materials, transferring those processes to production, developing and qualifying new production tools, performing failure analysis, solving process problems in manufacturing, and providing third-party product validation.

On 31 March 2008, EAG announced its results for the year ended 31 December 2007.

For the full year, EAG reported turnover of \$69.2 million (2006: \$28.3 million) and operating profit (pre special items) of \$16.1 million (2006: \$6.0 million), reflecting the effect of both acquisitions and organic growth.

Since the date of the results announcement the performance of the Surface Analysis division has been above whilst that of the RTP division has been below management expectation. In aggregate, therefore, the performance of the two trading divisions for the first half are broadly in line with management expectation. However, exceptional costs in relation to the strategic review and other non-trading related costs are significantly higher than budgeted and as a consequence of these exceptional costs, EAG's overall performance is below budget.

9. Information on EAGI and Odyssey

EAGI is a newly incorporated company formed at the direction of Odyssey for the purpose of implementing the Offer and has no trading or business activity other than activities associated with the Offer. Immediately after completing the Offer, EAGI's business will be comprised solely of owning the EAG business (and servicing debt incurred in connection with the Offer).

Immediately upon the Offer being declared unconditional in all respects, EAGI will be majority-owned by Odyssey, with minority shareholdings being held by the Management Team, the Interested Directors, EAGI I and EAGI II. EAGI I and EAGI II are two co-investment limited liability companies controlled by Odyssey Investments and formed to hold shares in EAGI for the economic benefit of Newstone and GE Equity Capital respectively. EAGI I and EAGI II will hold shares in EAGI amounting to 6.6 per cent. and 1.5 per cent., respectively, the Management Team and the Interested Directors will hold, in aggregate, shareholdings in EAGI representing 16.3 per cent and Odyssey will hold the balance of the shares in EAGI representing 75.6 per cent of the share capital of EAGI. The exact percentages held by each of the shareholders of EAGI may be

subject to marginal variations due to sterling/US dollar exchange rate fluctuations as further detailed in paragraph (g) of Appendix II.

Further details on the arrangements with Newstone, GE Equity Capital and their respective co-investment vehicles (EAGI I and EAGI II) will be set out in the Offer Document.

Odyssey is managed by Odyssey Investments which, through Odyssey and other funds managed by it, has an aggregate of \$1.0 billion assets under management. Odyssey Investments makes majority, control investments primarily in established middle-market companies in a variety of industrial manufacturing and business services industries where it believes there is opportunity to accelerate earnings growth organically and through acquisitions.

Odyssey Investments' investment strategy focuses on identifying established middle-market companies with strong management teams in industries or markets poised to benefit from strong sector or macro-economic trends. Odyssey Investments supports the management teams of its portfolio companies by providing (i) an appropriate capital structure that provides the flexibility and liquidity to support the company's growth initiatives, (ii) board level guidance on strategic direction and (iii) assistance with acquisitions. In partnership with management, Odyssey Investments seeks to transform middle-market businesses into larger companies with broader business or geographic reach, industry leading market share and operating margins.

Odyssey Investments' professionals have worked together for nearly 15 years, and Odyssey Investments has a long track record in working with management teams to create significant value in its acquired businesses.

Odyssey Investments' first private equity fund, Odyssey II, which raised \$760 million in 1998, is now closed. Odyssey is Odyssey Investments' second private equity fund and it raised \$750 million in 2005 of which there is approximately \$203 million remaining to be invested. The limited partner investors in Odyssey are comprised of public sector and private industry pension funds, institutional investment advisers, high net worth individuals and former managers of Odyssey portfolio companies.

10. Financing for the Offer

Full implementation of the Offer would result in cash consideration of approximately 62.6 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, EAGI intends to pay off all amounts outstanding under EAG's existing debt facilities with Royal Bank of Scotland concurrently with completion of the Offer. Repaying this debt and paying for all EAG Shares acquired pursuant to the Offer will be financed through a combination of equity capital committed by Odyssey, GE Equity Capital and Newstone and acquisition finance facilities in an aggregate principal amount of up to \$91 million provided by GE Capital and Newstone.

EAGI has entered into definitive loan agreements on a certain funds basis with respect to the debt financing needed to consummate the acquisition, comprised of the following:

(a) a senior secured revolving and term loan facility in the amount of \$35 million provided by GE Capital (of which up to \$6 million of a \$10 million revolver facility will be drawn at closing); and

(b) a \$60 million senior subordinated note purchase agreement provided by Newstone,

(together, the "Credit Facilities"). The Credit Facilities contain provisions which provide for the commitment of the facilities on a certain funds basis during the period commencing on the date of execution of the definitive facility agreements and ending on the earlier of (i) 30 November 2008; (ii) the date on which the Offer lapses, terminates or is withdrawn; and (iii) the date on which EAG becomes a wholly owned subsidiary of EAGI and EAGI has paid all sums due to EAG Shareholders pursuant to the Offer and the compulsory acquisition procedures described below.

The Offer is conditional upon the funding to be provided pursuant to the Credit Facilities continuing to be available as further set out in sub-paragraph (b) of Appendix I. As at the date of this announcement, EAGI is not aware of any circumstances which indicate that the condition in sub-paragraph (b) of Appendix I will not be satisfied.

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 Offer.

11. Management and employees

EAGI intends (subject to the changes described below) that the Management Team will continue to be involved in the ongoing business of EAG.

EAGI has given assurances to the Board of EAG that the existing employment rights of the management and employees of EAG will be fully safeguarded following the completion of the Offer and that EAG's pension obligations will be fully complied with.

Upon the Offer becoming or being declared wholly unconditional, each of the EAG Directors (including the non-executive directors of EAG) will resign from their office as EAG Directors or non-executive directors of EAG and of all the EAG Group companies (save for Peter O'Dwyer who will remain a director of EAG and EAG Finance (Ireland) Limited for governance reasons) and the Directors of EAGI will be appointed to the EAG Board. Each of the resigning EAG directors will be paid their contractual entitlements and each of the non-executive directors including Peter O'Dwyer will also receive a payment equal to the value of EAG Shares at the Offer Price which they are entitled to under the terms of their respective letters of appointment (as detailed in paragraph 8 of Part VIII of EAG's AIM admission document dated 21 June 2007) but which have not yet been allotted to them.

12. EAG Share Option Scheme

The Offer will extend to any EAG Shares unconditionally allotted or issued or unconditionally allotted and fully paid (or credited as fully paid) pursuant to the exercise of options under the EAG Share Option Scheme before the date on which the Offer closes. Appropriate proposals will be made to holders of in-the-money options under the EAG Share Option Scheme in due course.

13. Disclosure of interests in EAG Shares

As at the close of business on 17 July 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) has any interest in or right to subscribe for any relevant EAG Shares, nor (ii) has 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) has borrowed or lent any relevant EAG Shares (save for any borrowed shares which have been on-lent or sold).

14. Compulsory acquisition, cancellation of trading and re-registration as a private company

If EAGI receives acceptances of the Offer in respect of, and/or otherwise acquires or contracts to acquire, not less than nine tenths in nominal value of the EAG Shares to which the Offer relates before the end of the period of four months beginning with the date of the Offer and assuming all other conditions of the Offer have been satisfied or waived (if they are capable of being waived), EAGI intends to exercise its rights pursuant to the provisions of Articles 117 to 118 (inclusive) of the Companies (Jersey) Law 1991 to acquire compulsorily, on the same terms as the Offer, the remaining EAG Shares not already acquired or agreed to be acquired by EAGI pursuant to the Offer.

Assuming the Offer becomes or is declared unconditional in all respects, EAGI also intends to procure the making of an application by EAG to the London Stock Exchange for the cancellation of admission to trading of EAG Shares on AIM. If this cancellation occurs, it will significantly reduce the liquidity and marketability of any EAG Shares not assented to the Offer. It is anticipated that the cancellation of admission to trading on AIM will take effect no earlier than 20 Business Days after either the later of (i) the date on which EAGI has, by virtue of its shareholdings and acceptances of the Offer, acquired or agreed to acquire issued share capital carrying at least 75 per cent. of the voting rights of EAG, or (ii) the first date of issue of compulsory acquisition notices under article 117 of the Companies (Jersey) Law 1991.

It is currently intended that, following the Offer becoming or being declared unconditional in all respects and after the cancellation of admission to trading of EAG Shares on AIM, EAG will be re-registered as a private company under the relevant provisions of the Companies (Jersey) Law 1991.

15. Exclusivity Period

EAG has entered into an exclusivity and inducement fee agreement (the "Exclusivity Agreement") with Odyssey pursuant to which EAG has agreed that, prior to the earlier of 31 August 2008 or the date on which the Offer is declared unconditional in all respects (the "Exclusivity Period"), it will not, and will procure that its officers, directors, advisors, affiliates and other representatives ("Representatives") shall not, directly or indirectly, in any case (i) solicit or initiate, or encourage the submission of, proposals or offers relating to, (ii) respond to any submissions, proposals or offers relating to, (iii) engage in any negotiations or discussions with any person relating to, or (iv) otherwise cooperate in any way with or facilitate any person in connection with, any acquisition, recapitalisation, liquidation, dissolution, disposition or similar transaction involving all or any portion of the shares or assets of EAG, or any business, securities or assets that collectively comprise EAG, in any manner that could adversely affect EAG's ability to complete the Offer, without first obtaining the written approval of Odyssey.

16. Inducement and Termination Fees

Pursuant to the terms of the Exclusivity Agreement, EAG has agreed to pay Odyssey the sum of 800,000 if,

following the date of this announcement, either:

(a) the Offer subsequently lapses or is withdrawn or is not made and before this time an offer, scheme of

arrangement, merger or business combination, or similar transaction is announced (whether or not on a pre-conditional basis) by a third party to acquire all of a significant proportion (being 15 per cent. or more, when aggregated with shares already held by the third party and anybody acting in concert (as defined in the City Code) with that third party) of EAG Shares (a "Competing Offer") is announced and that Competing Offer (or any other Competing Offer) is subsequently completed; or

(b) the board of EAG withdraws or adversely modifies for whatever reason the terms of its recommendation of the Offer or agrees or resolves to recommend a Competing Offer.

Pursuant to the terms of the Exclusivity Agreement, Odyssey has agreed to pay EAG the sum of 800,000 if,

following the date of this announcement, either:

(a) the Offer is not made on or before the 28th day following the date of this announcement and, at such time: (i) the Board of EAG has not withdrawn or adversely modified the terms of its recommendation of the Offer; (ii) EAG is not in breach of its obligations under the Exclusivity Agreement; and (iii) there are no other circumstances that entitle Odyssey to be excused from its obligation to consummate the Offer; or

(b) Odyssey allows the Offer to lapse or terminate, or withdraws the Offer as a result of the condition at sub-paragraph (b) of Appendix I not being satisfied or waived.

17. City Code

As EAG has its registered office in Jersey, is a company whose securities are not admitted to trading on a regulated market in the United Kingdom, the Channel Islands or the Isle of Man and is not considered by the Panel to have its place of central management and control in the United Kingdom, the Channel Islands or the Isle of Man, the City Code does not apply to the Offer. However, EAGI has undertaken, for so long as the Board of EAG recommends the Offer, to comply, in all material respects (subject to the exceptions referred to below) with the City Code, so far as applicable, in the conduct and execution of the Offer as though EAG were subject to the City Code, and EAG has undertaken to comply with the City Code in the conduct and execution of the Offer as though EAG were subject to the City Code (subject to the exception referred to below). However, EAG and EAGI have agreed that as the City Code does not apply to the Offer, and the Panel does not have jurisdiction over the Offer, in a departure from the City Code: (i) the Offer will be conditional upon certain conditions to drawdown of the Credit Facilities being satisfied and no factor arising indicating that the Lenders would not satisfy their funding obligations under these facilities, as further set out in sub-paragraph (b) of Appendix I; (ii) the Management Arrangements to be made between EAGI and EAG's management team (as referred to above) will not be subject to approval by a vote of the Independent Shareholders at a general meeting of the Company; (iii) the fee payable under the Inducement and Termination Fees arrangements referred to above represents approximately 1.1 per cent. of the value of EAG calculated by reference to the Offer Price; and (iv) the grant of options over 420,000 EAG Shares promised to certain employees prior to the commencement of the Offer Period, will not be subject to a vote of EAG Shareholders in general meeting.

EAGI and EAG have agreed that any dispute between them relating to the

invocation of any condition set forth in Appendix I will be referred for adjudication to a senior representative of an independent investment bank of internationally recognised standing who has, in the opinion of EAGI and EAG, acting reasonably, suitable experience and expertise to determine that dispute.

18. Other

The availability of the Offer to persons not resident in the UK and Jersey may be affected by the laws of the relevant jurisdiction in which they are resident. Any persons who are subject to the laws of any jurisdiction other than the UK or Jersey should inform themselves about and observe any applicable requirements.

The Offer will be governed by English law and any dispute arising shall be subject to the exclusive jurisdiction of the Courts of England (other than as noted above in relation to the invocation of the conditions to the Offer).

Appendix I sets out the conditions and the principal further terms of the Offer. Appendix II contains source notes relating to certain information contained in this announcement including the share ownership of EAGI. Appendix III contains further details of the irrevocable undertakings and agreements to exchange EAG Shares which have been obtained by EAGI. Certain terms used in this announcement are defined in Appendix IV.

The full terms of the Offer will be set out in the Offer Document, which will include a letter of recommendation from the CEO of EAG and, in respect of EAG

More to follow, for following part double-click [nRn2R3741Z]