

**7. Why was BMG's purchase price increased to \$68 million from \$52.9 million? What were the "adjustments for certain working capital items and indebtedness" that the Proxy listed? BMG had no debt per filings. Given the clear materiality of the purchase price, 14.3% of 2014 revenue, why was no disclosure made about the reasons for the increase in purchase price?**

The purchase price did not increase. As disclosed in the Merger Agreement, the total amount paid was subject to adjustment for certain working capital items. The primary drivers of the working capital adjustment were cash in bank accounts owned by BMG, work in process inventory and accounts receivable. As disclosed in our SEC filings, there was a positive adjustment of approximately \$9 million for BMG's cash and another \$5 million for accounts receivable. There were some liabilities that offset the assets, and the net adjustment was approximately \$15 million, which is how the total payments increased from \$52.9 million to \$68 million. This disclosure can be found in Note 2 to our consolidated financial statements in our Form 10-Q filed with the SEC on May 5, 2015.