



U.S. Department of Justice

United States Attorney  
Southern District of New York

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The Silvio J. Mollo Building  
One Saint Andrew's Plaza  
New York, New York 10007

November 10, 2008

Douglass B. Maynard, Esq.  
Robert H. Hotz, Jr., Esq.  
Akin Gump Strauss Hauer & Feld LLP  
One Bryant Park  
New York, New York 10036

Re: FHC Delaware, Inc. formerly known as Fine Host Corporation

Dear Messrs. Maynard and Hotz:

On the understandings specified below, the Office of the United States Attorney for the Southern District of New York ("this Office") will not criminally prosecute FHC Delaware, Inc., formerly known as Fine Host Corporation (collectively "Fine Host"), for any crimes (except for criminal tax violations as to which this Office cannot and does not make any agreement) related to: (1) Fine Host's practice of inflating costs as represented on invoices to its customers, but failing to disclose such inflated costs to its customers, whether known as "VPI," "administrative allowance," or otherwise, from January 1, 1998, through September 1, 2002; and (2) the fraudulent addition of costs to invoices for services rendered and goods provided to schools supervised out of Fine Host's office in Ronkonkoma, Long Island, from approximately January 1, 2000, until approximately late 2003 (collectively, the "Covered Conduct").

Moreover, if Fine Host fully complies with the understandings specified in this Agreement, no information provided by or on behalf of Fine Host will be used against Fine Host in any criminal tax prosecution. This Agreement does not provide any protection against prosecution for any crimes except the Covered Conduct and applies only to Fine Host and not to any other entity or individual. Fine Host expressly understands that the protections provided to Fine Host by this Agreement shall not apply to any successor entities, whether the successor's interest arises through a merger, or plan of reorganization, unless and until such successor formally adopts and executes this Agreement. The protections arising from this Agreement will not apply to any purchaser of all or substantially all of the assets of Fine Host, unless such purchaser enters into a written agreement, on terms acceptable to this Office, agreeing in substance to undertake all of the obligations set forth in the paragraph entitled "Continuing Obligation To Cooperate."

**Continuing Obligation To Cooperate.** It is understood that, in connection with any matter relating to Fine Host's operations, finances, and corporate governance, including the Covered Conduct, Fine Host: (a) shall truthfully and completely disclose all information with

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respect to the activities of Fine Host, its officers and employees, and others concerning all matters relating to Fine Host about which this Office inquires, which information can be used for any purpose, except as limited by the second paragraph of this Agreement; (b) shall cooperate fully with this Office and the United States Department of Agriculture (the "USDA"); (c) shall, at the Office's request, use its best efforts to assist the Office in any prosecution or investigation arising out of the Covered Conduct by providing logistical, technical, accounting, and any other support requested for any meeting, interview, grand jury proceeding, or any trial or other court proceeding; (d) shall, at this Office's request, use its best efforts promptly to secure the attendance and truthful statements or testimony of any officer, agent, or employee at any meeting or interview or before the grand jury or at any trial or other court proceeding; (e) shall use its best efforts promptly to provide to this Office upon request any document, record, or other tangible evidence relating to matters about which this Office or the USDA inquires; and (f) shall bring to this Office's attention all criminal conduct by or criminal investigations of Fine Host or its senior managerial employees that comes to the attention of Fine Host's board of directors or senior management, as well as any administrative proceeding or civil action brought by any governmental authority which alleges fraud by or against Fine Host. It is further understood that Fine Host shall commit no crimes whatsoever. Moreover, any assistance that Fine Host may provide to federal criminal investigators shall be pursuant to the specific instructions and control of this Office and designated investigators. Fine Host's obligations under this paragraph shall continue until the later of: (1) a period of two years from the date of the signing of this Agreement; or (2) the date upon which any prosecutions arising out of the Covered Conduct are final.

**Obligations to Make Restitution and Comply with Settlement of Civil Matter.**

Within one hundred eighty (180) days of the date on which all parties have executed this Agreement, Fine Host shall: (a) distribute to the victims of the Covered Conduct checks representing full restitution to the victims of the Covered Conduct, to the extent that such restitution has not been previously paid; and (b) provide documents sufficient to verify that Fine Host has fully complied with its obligations with respect to (a), above. In the event that any victim fails to cash checks representing such restitution payments within a period of 180 days after the receipt of such checks, funds sufficient to cover such uncashed checks shall be held by Fine Host or its designee for future payment to such victims.

At the request of Fine Host, this Office is simultaneously resolving potential civil claims against Fine Host in a Stipulation and Order of Settlement and Dismissal, dated October [ ], 2008 (the "Stipulation and Order of Settlement and Dismissal"). It is a condition of this Agreement that Fine Host abide by the terms and conditions of the Stipulation and Order of Settlement and Dismissal.

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**Additional Obligations.** It is understood that, should Fine Host commit any crimes subsequent to the date of signing of this Agreement, or should it be determined that Fine Host has given false, incomplete, or misleading information, or should Fine Host violate any provision of this Agreement, Fine Host shall thereafter be subject to prosecution for any federal criminal violation of which this Office has knowledge, including perjury and obstruction of justice. The running of the statute of limitations with respect to any such prosecution that was not time-barred by the applicable statute of limitations on June 1, 2006, shall be tolled from that date until the period of cooperation described in the paragraph entitled "Continuing Obligation to Cooperate" has expired. It is the intent of this Agreement to waive all defenses based on the statute of limitations with respect to any such prosecution that was not time-barred on June 1, 2006, to the extent set forth above.

It is understood that, if it is determined, after signing this Agreement, that Fine Host has committed any crime, other than the Covered Conduct, has given false, incomplete, or misleading information, or has violated any provision of this Agreement, whether such conduct was committed before or after the signing of this Agreement: (a) all statements made by Fine Host to this Office or the USDA, and any leads from such statements or testimony, shall be admissible in evidence in any criminal proceeding brought against Fine Host; and (b) Fine Host shall not assert any claim under the United States Constitution, any statute, Rule 11(e)(6) of the Federal Rules of Criminal Procedure, Rule 410 of the Federal Rules of Evidence, or any other federal rule that such statements or any leads therefrom should be suppressed. It is the intent of this Agreement to waive all rights in the foregoing respects.

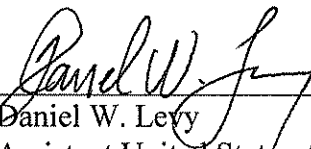
It is further understood that this Agreement does not bind any federal, state, or local prosecuting authority other than this Office. This Office will, however, bring the cooperation and remedial actions of Fine Host to the attention of other prosecuting offices, if requested by Fine Host.

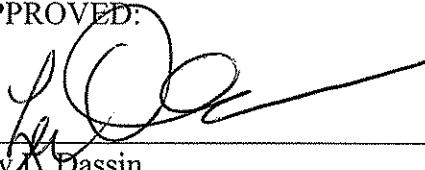
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Except as provided in any Statute of Limitations Tolling Agreements that may have been entered into between this Office with respect to this matter, this Agreement supersedes all prior, if any, understandings, promises and/or conditions between this Office and Fine Host. No additional promises, agreements, and conditions have been entered into other than those set forth in this Agreement and none will be entered into unless in writing and signed by all parties.

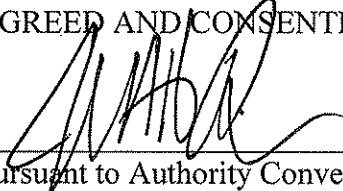
Very truly yours,

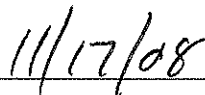
MICHAEL J. GARCIA  
United States Attorney

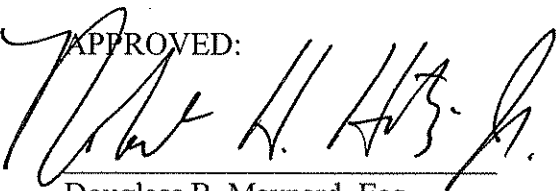
By:   
Daniel W. Levy  
Assistant United States Attorney  
Telephone: (212) 637-1062

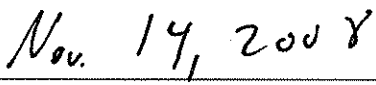
APPROVED:  
  
Lev A. Dassin  
Deputy United States Attorney

AGREED AND CONSENTED TO:

  
Pursuant to Authority Conveyed By  
Resolution of the Board of Directors of  
FHC Delaware, Inc., formerly known as  
Fine Host Corporation

  
Date

APPROVED:  
  
Douglass B. Maynard, Esq.  
Robert H. Hotz, Jr., Esq.  
Akin Gump Strauss Hauer & Feld LLP  
Attorneys for FHC Delaware, Inc.,  
formerly known as Fine Host Corporation

  
Date