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Timothy J. Parker

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January 7, 2008

VIA LEGAL MESSENGER

RECEIVED

JAN 07 2008

INSURANCE COMMISSIONER
COMPANY SUPERVISION

Mr. Ronald J. Pastuch
Holding Company Manager
Office of Insurance Commissioner
State of Washington
P.O. Box 40259
Olympia, WA 98504-0259

Re: *Form A – Statement Regarding the Acquisition and Control of National Merit Insurance Company by J.C. Flowers II L.P.*

Dear Mr. Pastuch:

On behalf of J.C. Flowers II L.P. and JCF DRC, L.P. (the "Applicant"), enclosed is an original Amendment No. 3 to the Form A – Statement Regarding the Acquisition of Control of the above-mentioned Washington-domiciled insurer, which is a subsidiary of Direct Response Corporation, submitted pursuant to Chapter 48.31 RCW. Also enclosed is a redline version showing the changes between Amendment No. 2 dated November 5, 2007, and this Amendment No. 3.

The purpose of this Amendment is to submit an amended stock purchase agreement and to add JCF DRC, L.P. as an Applicant. The parties have amended the purchase agreement to make JCF DRC, L.P. a party to the agreement and to memorialize that this entity will acquire the DRC shares to be held indirectly by J.C. Flowers II L.P. and its affiliated funds.

Prior to this amendment, the acquisition structure had involved J.C. Flowers II L.P. assigning its obligation under the purchase contract to JCF DRC, L.P. to purchase the shares. In response to a query from the California Insurance Department, where a Form A is pending in respect to this transaction, the parties revised the contract slightly so that rather than *assuming* J.C. Flowers II L.P.'s obligations, JCF DRC, L.P. would be a *party* in its own right to the purchase agreement.

Under the revised agreement, as before, JCF DRC, L.P. will be the registered owner of the DRC shares which are the subject of this Application. As before, JCF DRC, L.P. will have no other assets or operations, will exist solely to hold such shares and will be owned exclusively by J.C. Flowers II L.P. and the two affiliated funds described in the Application under common control.

Mr. Ronald J. Pastuch
January 7, 2008
Page 2

The only change is that JCF DRC, L.P. is now formally named as a party to the purchase agreement and accordingly is an Applicant as that term is used in WAC 284-18-910.

A similar amendment to this one is being filed in the state of New York. In Connecticut, the amendment was filed on December 13, 2007. In California, the amendment to the stock purchase agreement was submitted without amending the Form A, in accordance with local practice.

Thank you for your attention to this matter. Please do not hesitate to contact me with any questions, at 206-607-4153 or parker@carneylaw.com.

Very truly yours,

CARNEY BADLEY SPELLMAN, P.S.



Timothy J. Parker

TJP:cw
Enclosures
cc: Malcolm Katz, Sullivan & Cromwell

CARNEY
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SPELLMAN

Timothy J. Parker

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JAN 07 2008

INSURANCE COMMISSIONER
COMPANY SUPERVISION

January 4, 2008

LAW OFFICES
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VIA LEGAL MESSENGER

Mr. Ronald J. Pastuch
Holding Company Manager
Office of Insurance Commissioner
State of Washington
P.O. Box 40259
Olympia, WA 98504-0259

Re: *Form A – Statement Regarding the Acquisition and Control of National Merit Insurance Company by J.C. Flowers II L.P.*

Dear Mr. Pastuch:

On behalf of J.C. Flowers II L.P. and JCF DRC, L.P. (the "Applicant"), enclosed is an original Amendment No. 3 to the Form A – Statement Regarding the Acquisition of Control of the above-mentioned Washington-domiciled insurer, which is a subsidiary of Direct Response Corporation, submitted pursuant to Chapter 48.31 RCW. Also enclosed is a redline version showing the changes between Amendment No. 2 dated November 5, 2007, and this Amendment No. 3.

The purpose of this Amendment is to submit an amended stock purchase agreement and to add JCF DRC, L.P. as an Applicant. The parties have amended the purchase agreement to make JCF DRC, L.P. a party to the agreement and to memorialize that this entity will acquire the DRC shares to be held indirectly by J.C. Flowers II L.P. and its affiliated funds.

Prior to this amendment, the acquisition structure had involved J.C. Flowers II L.P. assigning its obligation under the purchase contract to JCF DRC, L.P. to purchase the shares. In response to a query from the California Insurance Department, where a Form A is pending in respect to this transaction, the parties revised the contract slightly so that rather than *assuming* J.C. Flowers II L.P.'s obligations, JCF DRC, L.P. would be a *party* in its own right to the purchase agreement.

Under the revised agreement, as before, JCF DRC, L.P. will be the registered owner of the DRC shares which are the subject of this Application. As before, JCF DRC, L.P. will have no other assets or operations, will exist solely to hold such shares and will be owned exclusively by J.C. Flowers II L.P. and the two affiliated funds described in the Application under common control.

Mr. Ronald J. Pastuch
January 4, 2008
Page 2

The only change is that JCF DRC, L.P. is now formally named as a party to the purchase agreement and accordingly is an Applicant as that term is used in Regulation 52.

A similar amendment to this one is being filed in the state of New York. In Connecticut, the amendment was filed on December 13, 2007. In California, the amendment to the stock purchase agreement was submitted without amending the Form A, in accordance with local practice.

Thank you for your attention to this matter. Please do not hesitate to contact me with any questions, at 206-607-4153 or parker@carneylaw.com.

Very truly yours,

CARNEY BADLEY SPELLMAN, P.S.


Timothy J. Parker

TJP:cw

Enclosures

cc: Daniel Rabinowitz, Sullivan & Cromwell
Sally Rocker, J.C. Flowers & Co. LLC
Susan Claflin, Direct Response Corporation
John Dembeck, Debevoise & Plimpton
Colleen Granahan, The Plymouth Rock Corporation
John Bick, Davis Polk & Wardwell

RECEIVED

AMENDMENT NO. 3
JANUARY 4, 2008

FORM A

JAN 07 2008

INSURANCE COMMISSIONER
INSURANCE COMPANY SUPERVISION

STATEMENT REGARDING THE
ACQUISITION OF CONTROL OF DOMESTIC INSURER

NATIONAL MERIT INSURANCE COMPANY

Name of Domestic Insurer

BY

J.C. FLOWERS II L.P.

JCF DRC, L.P.

Name of Acquiring Persons (Applicant)

Filed with the OFFICE OF THE INSURANCE COMMISSIONER
OF THE STATE OF WASHINGTON
(State of domicile of Insurer being acquired)

Original dated: May 10, 2007
Amendment No. 1 dated: August 1, 2007
Amendment No. 2 dated: November 5, 2007

Name, Title, Address and Telephone Number of Individuals to Whom Notices and
Correspondence Concerning This Statement Should Be Addressed:

J.C. Flowers II L.P.
c/o David I. Schamis
717 Fifth Avenue, 26th Floor
New York, NY 10022
Tel: (212) 404-6810
Fax: (212) 404-6899
Email: dschamis@jcfco.com

With a Copy to:

Daniel A. Rabinowitz Sullivan & Cromwell LLP 125 Broad Street New York, New York 10004 Phone: (212) 558-3471 Fax: (212) 558-3588 Email: rabinowitzd@sullcrom.com	Timothy J. Parker Carney Badley Spellman, PS 701 Fifth Avenue, Suite 3600 Seattle, Washington 98104-7010 Phone: (206) 607-4153 Fax: (206) 467-8215 Email: parker@carneylaw.com
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This Statement Regarding the Acquisition of Control of the Domestic Insurer (as defined herein) (the "Statement") seeks approval of the Office of the Insurance Commissioner of the State of Washington (the "Office") pursuant to Section 48.31B.015 the Revised Code of Washington ("RCW") for the acquisition and control of the Domestic Insurer.

ITEM 1. INSURER AND METHOD OF ACQUISITION.

(a) Name and Address of Domestic Insurer.

This Statement relates to the proposed acquisition of control of the following Washington-Domiciled insurance company:

National Merit Insurance Company
15805 NE 24th Street
Bellevue, Washington 98008-2409

(b) Method of Acquisition of Control.

Overview of Transaction.

National Merit Insurance Company (the "Insurer"), a Washington-domiciled insurer, is a wholly owned subsidiary of Direct Response Corporation, a Delaware corporation (the "Company"). The Insurer is engaged in the business of underwriting personal lines property-casualty insurance. The Company's common stock ownership as of March 28, 2007 (the date of execution of the Stock Purchase Agreement described herein) is as follows, according to information received from the Company and its stockholders:

Table I: Ownership as of March 28, 2007

Stockholder	Shares Owned	% of Total Shares Outstanding	% of Total Shares Outstanding, Fully Diluted ¹
The Plymouth Rock Company ("PRC")	21,349	8.0%	8.2%
James M. Stone	6,578	2.5%	6.3%
Mory Katz	200	0.1%	1.9%
The Company's management, other than Mory Katz	0	0.0%	1.5%
Morgan Stanley Capital Investors, L.P.	2,995	1.1%	1.0%
Morgan Stanley Capital Partners III, L.P.	106,895	40.1%	36.8%
MSCP III 892 Investors, L.P.	10,943	4.1%	3.8%
DR Investors, L.P.	103,891	39.0%	35.8%
DR Investors II, L.P.	13,609	5.1%	4.7%
Total:	266,461	100.0%	100.0%

J.C. Flowers II L.P., a private equity investment fund described in this Statement, proposes to acquire control (as defined in RCW Section 48.31B.005) of the Insurer as described in this Statement, and is referred to herein as the "Applicant." As used herein, where the context requires either by itself or together with J.C. Flowers II L.P., "Applicant" also refers to JCF DRC, L.P. which is described in footnote 2. Control will be acquired by means of a purchase of shares of the Company's common stock from certain stockholders of the Company, as described below (the "Acquisition"), resulting in the Applicant owning 46.4% of the total number of outstanding shares, on an undiluted basis. The selling stockholders comprise Morgan Stanley Capital Partners III, L.P., Morgan Stanley Capital Investors, L.P., MSCP III 892 Investors, L.P., DR Investors, L.P. and DR Investors II, L.P. (the "Sellers").

Set forth below is a description of the principal features of the main Acquisition documents.

¹ This column and similar columns in the tables below as indicated reflect the percentage of ownership after giving effect to the exercise of 2,313 options, 11,813 options, 5,300 options and 4,334 options owned by PRC, Mr. Stone, Mr. Katz and management other than Mr. Katz (including 500 options held by Mr. Jeffrey C. Keil, Chairman of the Company's Board of Directors), respectively, as of the date of execution of the Stock Purchase Agreement, March 28, 2007. Each month, additional options are granted to PRC and Mr. Keil, under the terms of the Company's 2004 Management Equity Plan as adopted by the Board. Accordingly, percentages set forth in this column may differ by immaterial amounts from corresponding percentages as of the date of this Statement. Moreover, due to rounding of fractional shares and percentage points, columnar data in this Statement may not always total the sum provided.

Stock Purchase Agreement.

A copy of the Stock Purchase Agreement, dated as of March 28, 2007, as amended on October 10, 2007 (the "Stock Purchase Agreement"), among the Applicant, PRC, Stoneridge Holding LLC ("Stoneridge"), the Company and the stockholders listed therein is attached hereto as Exhibit 1, except that exhibits to the Stock Purchase Agreement that are also exhibits to this Statement in substantially the same form are omitted from Exhibit 1, and except that Annex D to the Stock Purchase Agreement (disclosure schedules) is submitted under separate cover.

Under the Stock Purchase Agreement, upon the terms and subject to the conditions set forth therein, on the Closing Date (defined in the Stock Purchase Agreement) the respective Sellers will sell to the Applicant, and the Applicant² will purchase from the respective Sellers, in exchange for \$816.364 in cash per share, or \$101,000,554.08 in cash in the aggregate to all Sellers, the number of shares of common stock indicated below:

² A portion of the shares that the Applicant is committed to purchase will be purchased and held by certain affiliated limited partnerships of J.C. Flowers II L.P. (alternative investment vehicles) sharing common control with J.C. Flowers II L.P. These alternative partnerships exist for legal reasons unrelated to U.S. insurance laws. The holdings of such affiliated entities are aggregated with those of J.C. Flowers II L.P. for purposes of this Statement.

To give effect to this allocation of shares, the Applicant and these affiliated partnerships will purchase the shares from Sellers through JCF DRC, L.P., a newly formed Alberta limited partnership organized specifically for purposes of the Acquisition (the "Acquisition Vehicle"). The equity interests in the Acquisition Vehicle will be owned exclusively by the Applicant and the affiliated partnerships, and the Acquisition Vehicle's general partner (with exclusive power to control the Acquisition Vehicle) will be a Delaware limited liability company whose sole member is J. Christopher Flowers. David Schamis will be an authorized signatory of the general partner. No person other than Mr. Flowers and Mr. Schamis (each of whom has provided biographical information below) will serve as an officer or director or the equivalent of the Acquisition Vehicle.

The Acquisition Vehicle will purchase all of the shares to be owned by the Applicant under the Stock Purchase Agreement and will hold no other significant assets and conduct no activities other than owning such shares and activities incidental thereto. The Acquisition Vehicle will pass through all of the incidents of ownership and control to its equityholders, consisting of J.C. Flowers II L.P. and the affiliated partnerships referred to above. J.C. Flowers II L.P.'s obligations discussed in this Application will not be affected by this structure, nor does this structure affect control over the Insurers.

Seller	Number of Shares to Be Sold to the Applicant	% of Total Shares Outstanding	% of Total Shares Outstanding, Fully-Diluted³	Cash Consideration to Be Paid by Applicant to Seller
Morgan Stanley Capital Partners III, L.P.	45,058	16.9%	15.1%	\$36,783,729.11
MSCP III 892 Investors, L.P.	5,240	2.0%	1.8%	\$1,170,665.98
Morgan Stanley Capital Investors, L.P.	1,434	0.5%	0.5%	\$4,277,747.36
DR Investors, L.P.	65,472	24.6%	22.6%	\$53,448,983.81
DR Investors II, L.P.	6,516	2.4%	2.2%	\$5,319,427.82
Total:	123,720	46.4%	42.2%	\$101,000,554.08

Also pursuant to the Stock Purchase Agreement, two other persons, PRC and Stoneridge, who are unaffiliated with the Applicant, will purchase 4,899 and 1,225 shares of common stock of the Company, respectively, from Morgan Stanley Capital Partners III, L.P. As shown in Table I, above, PRC is an existing stockholder, and its purchase of shares pursuant to the Stock Purchase Agreement will result in PRC owning 9.85% of the Company's outstanding shares on an undiluted basis. In connection with this Statement, the Applicant understands that PRC has requested or intends to request an exemption from the Form A approval requirement pursuant to RCW Section 48.31B.015(5) reflecting such 9.85% share ownership and board arrangements discussed below, or request similar relief, as appropriate. Stoneridge, which is controlled by Mr. Keil, the Chairman of the Company's Board of Directors, will own less than 10% of the shares of common stock from and after the Closing Date.

Also, as a result of the Acquisition, the two Sellers that individually have a current 10%-or-greater position in the Company will reduce their ownership of the Company's common stock as indicated below.

10%-or-Greater Seller	Shares Owned as a Percentage of Total Shares Outstanding, as of date of Stock Purchase Agreement	Shares Owned as a Percentage of Total Shares Outstanding from and after the Closing Date	Shares Owned as a Percentage of Total Shares Outstanding from and after Closing, Fully Diluted⁴
Morgan Stanley Capital Partners III, L.P.	40.1%	20.9%	19.2%
DR Investors, L.P.	38.9%	14.4%	13.2%

³ See Footnote 1 for explanation of dilution.

⁴ See Footnote 1 for explanation of dilution.

The Company and the Sellers have advised the Applicant as follows in the remainder of this paragraph: Under the Company's existing stockholders' agreement (which would expire when the Applicant acquires control), no Seller is currently able to designate a majority of the Company's board of directors. Accordingly, the Company and the Sellers have historically asserted that even though Morgan Stanley Capital Partners III, L.P. and DR Investors, L.P. each hold more than 10% of the Company's stock, neither of these two stockholders nor any other stockholder controls the Insurer for purposes of insurance holding company regulation. Morgan Stanley Capital Partners III, L.P. and DR Investors, L.P. have Disclaimers of Affiliation on file with this Office in connection with the Insurer pursuant to RCW Section 48.31B.025(11), reflecting the limitation imposed by the existing stockholders' agreement. In 2006, with the term of the existing stockholders' agreement about to expire, Morgan Stanley Capital Partners III, L.P., DR Investors, L.P., Metalmark Subadvisor LLC and certain affiliates of the foregoing filed a Form A with this Office and in the other domiciliary states. The Form A reflected the ability that these stockholders would have had to exercise control as a result of the expiration of the stockholders' agreement, which would allow them to elect directors to the full extent of voting power. In light of the Acquisition and this Statement, the Metalmark Form A has been withdrawn by letter of John Dembeck, Esq., dated April 3, 2007. In connection with this Statement, Morgan Stanley Capital Partners III, L.P., MSCP III 892 Investors, L.P., DR Investors, L.P. and DR Investors II, L.P. have submitted a new Disclaimer dated January 4, 2008, in respect of their ownership of Company shares and the board arrangements discussed herein.

Under the terms of the new Disclaimer, the Applicant understands that these Sellers would agree to enter into a commitment under which they would collectively agree with the Washington Office of Insurance Commissioner not to vote, or to execute any shareholder consents with respect to, any shares of common stock or other voting stock of the Company beneficially owned in aggregate by such Sellers in excess of 9.9% of the outstanding shares of common stock and other voting stock of the Company, without the prior written approval of the Washington Office of Insurance Commissioner or until such Sellers have received approval of an application for acquisition of control of the Company. As a result of this commitment, such Sellers would be able to vote no more than 9.9% of the outstanding shares of common stock and other voting stock of the Company, thus reducing their voting shareholders to a position that is below the 10% presumed control threshold set forth in RCW 48.31B.005(2).

The Applicant understands that the Office of the Insurance Commissioner, by letter dated November 30, 2007, has declined to grant an earlier request made by two of these Sellers (by letter dated May 21, 2007) for an exemption from Form A requirements. This request was based on (i) the share ownership and corporate governance arrangements set forth in the Applicant's *original* (pre-amendment) Statement on Form A and (ii) a commitment by *each* of Morgan Stanley Capital Partners III, L.P. and DR Investors, L.P. to vote no more than 9.9% of the shares of the Company. The new Disclaimer, the Applicant understands, reflects facts and terms that are consistent with similar relief received from the Connecticut Department of Insurance, described below.

The four Sellers described above, as well as Morgan Stanley Capital Investors, L.P. and PRC, have received exemptions from the Connecticut Department of Insurance from that state's Form

A filing and approval requirements in this acquisition. These exemptions were granted on September 20, 2007, on terms and conditions identical to those described in this Amendment No. 3 to Form A, including the new Disclaimer described above.

Following completion of the Acquisition on the Closing Date, ownership of the Company's common stock will be as set forth in Exhibit 2.

The completion of the Acquisition is subject to the satisfaction of closing conditions specified in the Stock Purchase Agreement, including:

Approval under State Insurance Law. The Acquisition is subject to the approval of the Insurance Commissioner of the State of Washington pursuant to RCW Section 48.31B.015, and this Statement constitutes the statement required by such provision. The Acquisition is also subject to the prior approval of the insurance regulators of California, Connecticut and New York, the states where the Company's other insurance company subsidiaries are domiciled, pursuant to similar provisions in those states. Statements similar to this filing are being filed with those departments around the time of this submission.

HSR Approval. The waiting period required under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, must have expired or been terminated.

The Stock Purchase Agreement provides that it may be terminated unilaterally by either the Sellers or the Applicant if the Closing Date has not occurred by August 31, 2007. No party has exercised this right since August 31, 2007. The Stock Purchase Agreement will terminate in any event if the Closing Date has not occurred by March 31, 2008, unless the Closing Date has not occurred solely due to regulatory action or inaction beyond the control of any party to the Stock Purchase Agreement.

Stockholders' Agreement.

Under the Stock Purchase Agreement, the Applicant, PRC, Stoneridge, the Company, the Sellers and James M. Stone (together, all such parties other than the Company are referred to as the "Stockholders") have agreed to enter into a stockholders' agreement (the "Stockholders' Agreement") on or before the Closing Date, the form of which is included herewith as Exhibit 3.

The Stockholders' Agreement provides for the composition of the Company's Board of Directors (the "Board") and approval rights of Stockholders after the Acquisition. Under the Stockholders' Agreement, the initial Board from and after the Closing Date would consist of eleven members – (i) J. Christopher Flowers, (ii) David I. Schamis, (iii) Jeffrey C. Keil, (iv) Mory Katz, (v) Sandra Urie, (vi) John Waller, a copy of whose biographical affidavit (as filed with the Connecticut Form A in this matter) is submitted to this Office under separate cover, (vii) James N. Bailey, (viii) Hal Belodoff, (ix) Howard Hoffen, (x) Lawrence Unrein and (xi) James M. Stone.

- The Applicant would have the right to remove six of the initial eleven directors – Flowers, Schamis, Keil, Katz, Waller, and Urie – at any time for any reason. In addition, the Applicant would have the ability to increase the size of the Board up to a maximum of 18 and to designate all of these additional members for a total of 13 members;

- Up to two directors would be designated by PRC, and could be removed and replaced in their sole discretion. Under the Stockholders' Agreement, PRC initially appoints James N. Bailey and Hal Belodoff;
- Up to two directors would be designated by Metalmark Capital, LLC on behalf of Morgan Stanley Capital Partners III, L.P., and DR Investors, L.P., and could be removed and replaced in their sole discretion. Under the Stockholders' Agreement, Metalmark Capital, LLC initially appoints Howard Hoffen and Lawrence Unrein;
- The Stockholders agree to cause their respective directors to elect initially Mr. Keil as Chairman of the Board; and
- One additional director may be elected at any election of directors by a majority vote of members of the Board appointed by PRC, Metalmark Capital, LLC and the Applicant. The Stockholders agree to cause their respective directors to elect initially James M. Stone.

Additional directors may be named in the future by the Stockholders in accordance with the above guidelines. When and as new directors are named, biographical information as required under the insurance laws of this and other states will be provided to the applicable insurance departments.

Generally, all actions taken by the Board would require the approval of a majority of the full Board. Item 8 of this Statement enumerates certain specific rights of the Stockholders with respect to the transfer of shares of the Company's common stock.

Corporate Governance of the Insurer.

The boards of directors and management of the Insurer will consist of the same individuals as prior to the Acquisition.

Analysis of Competitive Impact.

Pursuant to RCW 48.31B.015(4)(a)(ii)(A), incorporating the informational requirements of RCW Section 48.31B.020(3)(a), the Acquisition would have virtually no effect on competition in the State of Washington.

The only insurance business that is affiliated with the Applicant and that is engaged in the same lines as the Company in Washington is Affirmative Insurance Holdings and its subsidiaries. Other than the Affirmative companies, the Company would not, as a result of the Acquisition, be affiliated with other any insurance companies engaged in property-casualty insurance in Washington.

Attached as Exhibit 4 is a schedule showing, for direct written premium as reported by the relevant companies for the year ended December 31, 2005 (the most recent data available from A.M. Best), the respective market shares and ranking by line of business in Washington for (i)

the Affirmative companies and (ii) the Insurer and all other insurance subsidiaries of the Company. The schedule also shows the resulting increase in such market share as a result of the Acquisition.

In addition, the schedule shows the relevant Herfindahl-Hirschman Index (“HHI”) for each line of business before and after the Acquisition. The HHI is a commonly accepted measure of market concentration and is used by the U.S. Department of Justice and Federal Trade Commission in their review of antitrust filings.⁵ A market having an HHI of below 1000 is considered unconcentrated by the Federal antitrust authorities. Markets in which the HHI is between 1000 and 1800 points are considered to be moderately concentrated, and those in which the HHI is in excess of 1800 points are considered to be concentrated. Transactions that increase the HHI by more than 100 points in concentrated markets presumptively raise antitrust concerns for the DOJ and the FTC.

The schedule indicates that in no line of business in Washington would combined market share increase by even 0.01% of the entire market, and in no line would the combined market share of the Applicant and all affiliates be greater than 0.50%. This is a sufficiently small market share and increase to warrant an exemption from Washington’s pre-acquisition notification requirement set forth in RCW Section 48.31B.020(2)(b)(v). Similarly, the Acquisition would have no appreciable effect on HHI, and every line in which both sets of companies are engaged is unconcentrated (below 1000) except Homeowners Multiple Peril and Private Passenger Auto No-Fault. Such lines are moderately concentrated, and, according to the Federal HHI guidelines, mergers producing an increase in the HHI of less than 100 points in moderately concentrated markets post-merger are unlikely to have adverse competitive consequences and ordinarily require no further analysis. In this case, these two lines evidence HHI increases of less than 0.01 of a point each.

ITEM 2. IDENTITY AND BACKGROUND OF THE APPLICANT.

(a) The Applicant.

The name and address of the Applicant seeking to acquire control over the Insurer is:

J.C. Flowers II L.P.
717 Fifth Avenue, 26th Floor
New York, New York 10022

⁵ HHI is calculated by squaring the market share of each firm competing in the market and then summing the resulting numbers. For example, for a market consisting of four firms with shares of 20, 30, 20 and 20 percent, the HHI is 2600 ($30^2 + 30^2 + 20^2 + 20^2 = 2600$). HHI measures the concentration of the given market by taking into account the relative size and distribution of the firms in the market. HHI approaches zero when a market consists of a large number of firms of relatively equal size, and HHI increases both as the number of firms in the market decreases and as the disparity in size between those firms increases. A high HHI means a market with relatively little competition.

JCF DRC, L.P.
717 Fifth Avenue, 26th Floor
New York, New York 10022

(b) The Applicants' Business.

J.C. Flowers II L.P., which is a Cayman Islands exempted limited partnership, and certain related alternative investment vehicles comprise an investment program established in 2006 (the "Fund") by J.C. Flowers & Co. LLC ("JCF") primarily to make privately negotiated equity and equity-related investments in the financial services industry. The Fund considers investment opportunities primarily in the U.S., Western Europe and Asia and pursues both control and strategic minority positions, generally where JCF believes it can add value and exert influence through board representation and extensive shareholder rights. The Fund seeks to form a diversified portfolio comprised of interests in several multi-billion dollar transactions as well as a number of smaller investments. The Fund has received equity commitments of \$7.0 billion, of which Mr. Flowers has committed \$200 million and other JCF professionals have committed \$69 million. As a result of these commitments, when fully called, Mr. Flowers will hold an approximately 3% equity ownership interest in J.C. Flowers II L.P. At present, \$5.6 billion of the total commitments has not yet been called and remains outstanding.

Mr. Flowers is considered one of the preeminent investors and advisors in the financial services industry, having spent substantially all of his professional career focused on the sector. Prior to forming JCF, Mr. Flowers spent 19 years at Goldman, Sachs & Co. ("Goldman Sachs"), where he was among the founders of, and later headed, the Financial Institutions Group. In 1988, Mr. Flowers became the youngest individual since World War II elected as a general partner of Goldman Sachs as of that time.

Mr. Flowers formed JCF shortly after retiring from Goldman Sachs in 1998. Between 1998 and 2000, he (i) completed the highly successful investment in The Enstar Group, Inc. and (ii) sponsored, with Ripplewood Holdings LLC, the purchase of Shinsei Bank, Limited (formerly The Long-Term Credit Bank of Japan), from the Japanese government (collectively, the "Pre-Fund I" investments). In 2002, JCF formed J.C. Flowers I L.P. ("Fund I") with \$900 million in commitments primarily from leading financial institutions. JCF formed Fund II to pursue the same investment strategy employed in the successful Pre-Fund I and Fund I investments.

Since 1998, including the Pre-Fund I and Fund I transactions, Mr. Flowers and JCF have invested \$3.7 billion of capital from Mr. Flowers, third parties and Fund I in financial services companies. As of February 28, 2006, the most recent date for which such information is available, these investments in the aggregate had a total realized and unrealized value of \$9.8 billion.

JCF has considerable experience in investing in the insurance industry. Among JCF's notable insurance holdings are Concord Re, Affirmative Insurance Holdings and Symetra Life.

Certain JCF investment funds under common control and ownership with J.C. Flowers II L.P. indirectly hold 100% of the common stock of Concord Re Limited, a Bermuda exempted, limited-life special purpose Class 3 insurer. Concord Re is a dedicated reinsurance vehicle, or

sidecar, established in 2006 to provide U.S. commercial property reinsurance coverage to its sole client, Lexington Insurance Company, a subsidiary of American International Group, Inc., which has an "A plus" financial strength rating from A.M. Best Co.

JCF I and certain affiliated entities indirectly control Affirmative Insurance Holdings, Inc. ("Affirmative"), which is a holding company for two Illinois-domiciled property-casualty insurers, Affirmative Insurance Company (NAIC #42609) and Insura Property and Casualty Insurance Company (NAIC #38806). Affirmative Insurance and Insura write principally non-standard auto coverage in 12 states and are rated "B plus" by A.M. Best for financial strength. Affirmative itself is an SEC-registered company whose shares trade on The NASDAQ Stock Market LLC. JCF I has controlled Affirmative since 2006, and two JCF designees, including Mr. Schamis, currently serve on the Affirmative board of directors.

In addition, since 2004, JCF I has held a \$25 million equity investment (approximately 2% of the entire economic interest) in Symetra Financial Corporation. Symetra is the parent of Symetra Life Insurance Company, a Washington-domiciled life insurer formerly owned by Safeco Corp. with an "A" financial strength rating from A. M. Best. The investment is held indirectly through a consortium of investors including White Mountains Insurance Group Ltd. and Berkshire Hathaway.

The business activities of JCF DRC, L.P. are limited to acquiring and holding shares of the Company. See footnote 2.

(c) Organizational Chart and Affiliate Information.

Charts illustrating J.C. Flowers II L.P.'s organizational structure and its controlled affiliates with total assets at least equal to 0.5% of J.C. Flowers II L.P.'s total assets and other insurance company affiliates of Mr. Flowers are included as Exhibit 5, submitted under separate cover.

An ownership chart for the Company, as of the date of the Stock Purchase Agreement, is included in Exhibit 6A. A chart showing ownership of the Company's common stock by all Stockholders, after giving effect to the Acquisition, is included as Exhibit 6B.

No court proceedings involving a reorganization or liquidation are pending with respect to any such person identified in this Item 2(c).

ITEM 3. IDENTITY AND BACKGROUND OF INDIVIDUALS ASSOCIATED WITH THE APPLICANT.

(a) Names and Business Addresses of Directors, Executive Officers or Owners of 10% or More of Voting Securities, or the Applicant in the case of an Individual.

The only individual acting in a directorial or managerial capacity for J.C. Flowers II L.P. is Mr. Flowers, who is the director of the general partner of J.C. Flowers II L.P. general partner. JCF DRC, L.P. has no other controlling persons (see footnote 2). As noted above, Mr. Flowers and Mr. Schamis, a managing director of JCF, will serve on the Company's board of directors. The business address of each of these individuals is J.C. Flowers & Co. LLC, 717 Fifth Avenue, 26th Floor, New York, New York 10022.

(b) Present Employment of Directors, Executive Officers or Owners of 10% or More of Voting Securities, or the Applicant in the Case of an Individual.

Mr. Flowers is the managing member of JCF and oversees all of the JCF funds, including the Applicant. Mr. Schamis is a managing director of JCF. Biographical affidavits for such individuals have been submitted to the Department under separate cover.

(c) Past Employment.

Employment information and other positions for the past five years of the required individuals are set forth in Exhibit 7 and/or the affidavits referred to above, including any required government licensing and disciplinary proceedings in connection therewith.

(d) Criminal Proceedings.

Excluding minor traffic violations, none of the persons listed in this Item 3 has ever been convicted in a criminal proceeding during the ten years immediately preceding the filing of this Statement, or is currently charged with any criminal offense.

ITEM 4. NATURE, SOURCE AND AMOUNT OF CONSIDERATION

(a) Consideration.

The consideration to be used in effecting the Acquisition consists of the Applicant's funds, including funds to be drawn from limited partners of the Applicant pursuant to capital commitments.

(b) Criteria.

The nature and amount of the consideration to be used in acquiring control of the Insurer was established by arms-length negotiation between the Sellers and the Applicant, who are unrelated.

(c) Loans.

No loan will be a source of any consideration to effect the Acquisition.

ITEM 5. FUTURE PLANS OF INSURER.

The Applicant intends to operate the Insurer substantially as it is currently operated, as a provider of low-cost automobile insurance. The Insurer will continue to market insurance principally on a direct basis to customers, developing business through mass marketing. The Applicant does not plan to discontinue any products currently offered by the Insurer or terminate any of the in-force programs of business currently being written by the Insurer. In addition, the Applicant largely intends to maintain the Insurer's relationships with reinsurers and other counterparties and service providers.

The Applicant intends that after the Closing Date the Insurer will have an experienced senior management team, with Mr. Katz continuing to serve as CEO, as he has since 1998, and with

Mr. Keil continuing to serve as Chairman of the Board. The Insurer will maintain its licenses and write business in the states where it currently does so, and it is expected that the Acquisition will be invisible to the Insurer's policyholders. The Applicant plans to maintain the Insurer's "B++" rating from A.M. Best by continuing and enhancing the Insurer's underwriting results. The Insurer's executive offices and headquarters will remain in Washington, with the Company continuing to be headquartered in Connecticut. Following the consummation of the Acquisition, the Insurer will continue to maintain its separate corporate existence and will be operated in accordance with its currently existing business plan, set forth in Exhibit 8.

Subsequent to the consummation of the Acquisition, the Applicant intends, from time to time, to discuss with management of the Company the future plans for the Company and may from time to time hold discussions with third parties or with management of the Company in which the Applicant may suggest or take a position with respect to the operations or policies of the Company as a means of enhancing stockholder value.

The Applicant will review periodically the Insurer's businesses, assets, corporate structures, dividend policies, capitalization, operations, properties, management and personnel and, with the approval of the Department, if applicable, may seek to make changes that the Applicant deems appropriate.

The Applicant has no current plans to liquidate the Insurer, to sell its assets (other than in the ordinary course of business), to merge it with any person or persons (except as described in the following sentences), to declare extraordinary dividends or, other than as described in Item 1, which description is incorporated herein by reference, to make any changes in the management of the Insurer following the Acquisition. The Company may in the future, to simplify its corporate structure, propose to merge the Insurer or other insurance subsidiaries into one another or conduct similar internal reorganizations having like effect. Such transactions would occur only upon the approval of this and any other insurance departments as required by law.

ITEM 6. VOTING SECURITIES TO BE ACQUIRED.

The Company's outstanding capital stock consists of 266,461 shares of common stock, par value \$0.01 per share, 238,333 of which are presently owned of record and beneficially by the Sellers on a several basis as described in Item 1 of this Statement. Item 1 herein also describes the Applicant's percentage ownership of voting securities of the Insurer upon completion of the Acquisition. This description is incorporated herein by reference. Item 1 herein describes the terms of the Acquisition, and such description is incorporated in this Item 6 by reference. The Insurer's capital stock is wholly owned by the Company. The terms of the Acquisition were determined as a result of arm's length negotiations between unrelated persons.

ITEM 7. OWNERSHIP OF VOTING SECURITIES.

None of the Applicant, any affiliate thereof or any of the persons listed in Item 3 currently owns, directly or indirectly, any of the voting securities of the Insurer or has any right to acquire any of such voting securities, other than as set forth in the Stock Purchase Agreement.

ITEM 8. CONTRACTS, ARRANGEMENTS, OR UNDERSTANDINGS WITH RESPECT TO VOTING SECURITIES OF THE INSURER.

Item 1 contains descriptions of the provisions of the Stock Purchase Agreement and the Stockholders' Agreement to be entered concerning composition of the Company's Board after the Closing Date and related corporate-governance matters; such descriptions are incorporated herein by reference. In addition, the Stockholders' Agreement provides the following rights among the Stockholders with respect to certain transfers of shares of the Company's common stock:

Restrictions on Transfer. No Stockholder may transfer any of its holdings of the Company's common stock to any person, other than in certain permitted transfers, without the prior approval of the Board (excluding the votes of interested Board members), before the earlier of (a) the fifth anniversary of the date of the Stockholders' Agreement or (b) the first underwritten public offering of the Company's common stock where aggregate proceeds exceed \$50 million and at least 20% of the Company's outstanding common stock has been sold to the public in that offering and any prior offerings (such offering, a "Qualified IPO"). If at any time, however, either of the Applicant or Morgan Stanley Capital Investors, L.P., Morgan Stanley Capital Partners III L.P. and MSCP III 892 Investors, L.P. (the "MSCP Parties") effects a distribution in kind of the shares of its (or its partners') common stock, then the other of the Applicant or the MSCP Parties will be permitted thereafter to effect a distribution in kind of its (or its partners') holdings of the shares of the Company's common stock, without being required to comply with the restrictions on transfer set forth in the Stockholders' Agreement.

Right of First Offer. Any transfer of the Company's common stock occurring before the earlier of (a) the fifth anniversary of the date of the Stockholders' Agreement or (b) a Qualified IPO, other than certain permitted transfers, will be subject to a right of first offer on the following terms. The Stockholder who wishes to sell the Company's common stock to a third party will present to each of the other Stockholders an offer to sell (a "Sale Offer") to each other Stockholder its pro rata share (based on their respective holdings of the Company's fully-diluted common stock) of the Company's common stock being offered (the "Offered Shares"). Each other Stockholder will have 30 days after receipt to accept the Sale Offer (including agreeing to purchase all of the Offered Shares offered to it). If any Stockholder does not accept its Sale Offer, the selling Stockholder will afford the other Stockholders an opportunity to increase the quantity of Offered Shares purchased by them by their respective pro rata shares of the Offered Shares not purchased by the original offeree. If the other Stockholders agree to acquire all of the Offered Shares, the selling Stockholder will sell the Offered Shares to the accepting Stockholders on the terms set forth in the Sale Offer. If the Stockholders do not agree to acquire all of the Common Stock proposed to be transferred, then the selling Stockholder may complete the transfer of any Offered Shares to the third party within 90 days after the date that the Sale Offer was first provided on terms no less favorable to the selling Stockholder than the terms set forth in the Sale Offer (including at no less favorable a price); provided that the consummation of such transfer will occur as soon as practicable after the 90th day if any party to the proposed transfer is required to obtain any license, registration, approval or consent or make any regulatory filing necessary for such transfer that has not been obtained or made by such time, but in any event not later than the 270th day after the date that the Sale Offer was first provided.

Affiliate Transactions. The Company may not enter into a transaction with any Stockholder or any affiliate or associate (as such terms are defined in the Stockholders' Agreement) of the Company unless such transaction has been approved by two-thirds of the disinterested Board members and is on terms that are at least as favorable to the Company and the Stockholders as an arm's length transaction would have been (the "Affiliate Transaction Requirement").

Tag-Along Rights. If any Stockholder proposes to transfer (a "Transferring Stockholder") any or all of its holdings of the Company's common stock to a person other than a permitted transferee, each other Stockholder (a "Tag-Along Stockholder") will have the right to cause a number of such Tag-Along Stockholder's shares of the Company's common stock equal to (x) the number of shares of common stock proposed to be transferred by the Transferring Stockholder multiplied by (y) the Tag-Along Stockholder's pro rata share, to be sold to such person for the same consideration per share and otherwise on the same terms and conditions upon which the Transferring Stockholder proposes to sell, exchange or otherwise dispose of its holdings of the Company's common stock. These rights will not apply, however, in the event of any transfer pursuant to (i) registration rights under the Stockholders' Agreement; (ii) any transfer pursuant to Rule 144 of the Securities Act of 1933; or (iii) any transfer in a transaction registered under the Securities Act.

Drag-Along Rights. If the Applicant and/or any of its affiliates determines to transfer all of the Applicant's or its affiliates' holdings of the shares of the Company's common stock to any non-affiliate person (a "Drag Transfer"), then, at the Applicant's option, each of the other Stockholders will be obligated to transfer to such person, concurrently with the Drag Transfer, on equivalent terms and conditions, all of such Stockholder's holdings of the shares of the Company's common stock (the "Drag-Along Right"). In the event that the Applicant and/or any of its affiliates transfer shares to entities controlled by it, the Drag-Along Right may be exercised only if (i) the Applicant receives an appraisal of the shares from a nationally recognized investment banking firm and the price to be paid is at least equal to the appraisal value and (ii) the Applicant receives all approvals required under the Affiliate Transaction Requirement.

Pre-emptive Rights. The Company will give each Stockholder at least 20 business days' notice of any proposed issuance by the Company of any equity securities, and each Stockholder or any affiliate of such Stockholder will be entitled to purchase up to such Stockholder's pro rata share of the equity securities proposed to be issued, at the price and on the terms specified in such notice. Any Stockholder or any affiliate of such Stockholder willing to purchase such Stockholder's pro rata share of these equity securities will also be entitled to acquire such Stockholder's pro rata share of any equity securities remaining unpurchased by the other Stockholders who received the notice. These pre-emptive rights will not apply to any issuance by the Company of any equity securities (i) in a transaction registered under the Securities Act, (ii) pursuant to an incentive compensation plan or employment agreement or arrangement with the Company or any of its subsidiaries, (iii) as consideration in connection with Acquisitions of businesses or assets, (iv) pursuant to the exercise of a convertible security or instrument, (v) in connection with any recapitalization or reclassification, or (vi) in any stock dividend.

ITEM 9. RECENT PURCHASES OF VOTING SECURITIES.

There have been no purchases of any voting securities of the Insurer by the Applicant, any of its affiliates or any person listed in Item 3 herein during the 12 calendar months preceding the filing of this Statement.

ITEM 10. RECENT RECOMMENDATIONS TO PURCHASE.

Except in connection with the Acquisition, there have been no recommendations to purchase any voting security of the Insurer made by the Applicant, any of its affiliates or any person listed in Item 3 herein, or by anyone based upon interviews or at the suggestion of the Applicant during the 12 calendar months preceding the filing of this Statement.

ITEM 11. AGREEMENTS WITH BROKER-DEALERS.

There are no agreements, contracts or understandings with any broker-dealer regarding the solicitation of voting securities of the Insurer for tender.

ITEM 12. FINANCIAL STATEMENTS AND EXHIBITS.

(a) Exhibits.

The following Exhibits are attached to this Statement:

EXHIBIT NUMBER	EXHIBIT TITLE⁶
1	Amendment No. 2; dated December 8, 2007, of Stock Purchase Agreement dated as of March 28, 2007, and amended October 10, 2007.

(b) Financial Statements.

The audited financial statements of J.C. Flowers II L.P. for the year ended December 31, 2006 are included in Exhibit 9, submitted under separate cover. J.C. Flowers II L.P. commenced operations during 2006 and therefore no financial statements exist for any period prior to the year ending December 31, 2006. JCF DRC, L.P. is newly created for the purposes of this transaction, has no significant assets, liabilities or operations at the current time, and accordingly has no historical financial statements available. See footnote 2.

(c) Tender Offer, Agreements for Voting Securities, Annual Reports.

There are no tender offers or agreements to acquire or exchange any voting securities of the Insurer, and no related soliciting material, other than the Stock Purchase Agreement, a copy of which is attached as Exhibit 1 as described in Item 1.

⁶ New or revised exhibits provided with this Amendment No. 3 are listed below. Other exhibits have not changed since the filing of the original Form A and Amendment No. 2.

ITEM 13: SIGNATURE AND CERTIFICATION.

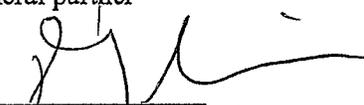
SIGNATURE

Pursuant to the requirements of Section 4, chapter 462, Laws of 1993 of the State of Washington, J.C. Flowers II L.P. has caused this amendment to be duly signed on its behalf in the City of New York, State of New York, on the 12th day of December, 2007.

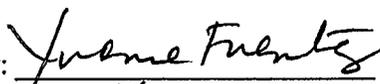
J.C. FLOWERS II L.P.

By: JCF Associates II L.P.,
its general partner

By: JCF Associates II Ltd.,
its general partner

By: 
Name: David I. Schamis
Title: Managing Director

Attest:

By: 
Name: Yvonne Fuentes
Title:

CERTIFICATION

The undersigned deposes and says that he/she has duly executed the attached amendment dated December 12, 2007, for and on behalf of J.C. Flowers II L.P.; that he/she is the Managing Director of such company; and that he/she is authorized to execute and file such instrument. Deponent further says that he/she is familiar with the instrument and the contents thereof, and that the facts therein set forth are true to the best of his/her knowledge, information and belief.


Name: David I. Schamis

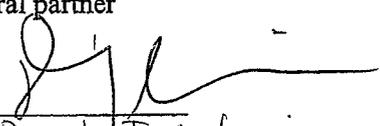
SIGNATURE

Pursuant to the requirements of Section 4, chapter 462, Laws of 1993 of the State of Washington, JCF DRC, L.P. has caused this amendment to be duly signed on its behalf in the City of New York, State of New York, on the 12th day of December, 2007.

JCF DRC, L.P.

By: JCF DRC GP, L.P.,
its general partner

By: JCF DRC GP, LLC,
its general partner

By: 
Name: David I. Schamis
Title: Authorized Person

Attest:

By: 
Name: Yvonne Fuentes
Title:

CERTIFICATION

The undersigned deposes and says that he/she has duly executed the attached amendment dated December 12, 2007, for and on behalf of JCF DRC, L.P.; that he/she is the Authorized Person of such company; and that he/she is authorized to execute and file such instrument. Deponent further says that he/she is familiar with the instrument and the contents thereof, and that the facts therein set forth are true to the best of his/her knowledge, information and belief.


Name: David I. Schamis

Exhibit 1

Stock Purchase Agreement, Amendment No. 2 dated December 8, 2007

AMENDMENT NO. 2 TO STOCK PURCHASE AGREEMENT

AMENDMENT NO. 2 (this "Amendment"), dated as of December 8, 2007, to the Stock Purchase Agreement, dated as of March 28, 2007, as amended (the "Agreement"), among J.C. Flowers II LP, a Cayman Islands exempted limited partnership ("JCF II"), JCF DRC, LP, an Alberta limited partnership ("JCF DRC"), The Plymouth Rock Company Incorporated, Stoneridge Holding LLC, Direct Response Corporation, a Delaware corporation and the stockholders listed on Annex A thereto (the "Sellers").

RECITALS

WHEREAS, Section 10.2 of the Agreement permits the parties thereto to amend the Agreement by written instrument; and

WHEREAS, the parties to the Agreement desire to amend it in certain respects and desire to set out such agreement in writing.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

Section 1. This Amendment shall be effective as of the date hereof. Capitalized terms used herein shall have the meanings ascribed to them in the Agreement unless otherwise defined herein.

Section 2. The parties hereby acknowledge and agree that the obligation of JCF II under the Agreement to purchase 123,720 shares of Common Stock (and any associated obligations thereunder) may be performed by JCF DRC.

Section 3. JCF DRC hereby agrees to satisfy the obligation of JCF II to purchase the 123,720 shares of Common Stock and perform any associated obligations under the Agreement and hereby becomes a party under the Agreement for such purpose.

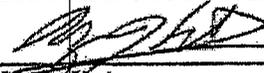
Section 4. In all respects not inconsistent with the terms and provisions of this Amendment, the Agreement shall continue to be in full force and effect in accordance with the terms and conditions thereof, and is hereby ratified, adopted, approved and confirmed. From and after the date hereof, each reference to the Agreement in any other instrument or document shall be deemed a reference to the Agreement as amended hereby unless the context otherwise requires. The execution, delivery and performance of this Amendment shall not operate as a waiver of any condition, power, remedy or right exercisable in accordance with the Agreement, except as expressly provided herein.

Section 5. The provisions of Article X of the Agreement are hereby expressly incorporated by reference.

[The next page is a signature page.]

IN WITNESS WHEREOF, the parties have executed or caused this Amendment to be executed as of the date first written above.

DIRECT RESPONSE CORPORATION

By: 
Name: Moby Katz
Title: Chief Executive Officer

MORGAN STANLEY CAPITAL PARTNERS III, L.P.
MSCP III 892 INVESTORS, L.P.,
MORGAN STANLEY CAPITAL INVESTORS, L.P.

By: MSCP III, L.P.,
as General Partner for each of the
above Funds

By: Morgan Stanley Capital Partners III, Inc.,
as General Partner

By: Metalmark Subadvisor LLC

By: _____
Name: Howard I. Hoffen
Title: Managing Director

DR INVESTORS, L.P. and DR INVESTORS II, L.P.

By: Morgan Stanley Capital Partners III, Inc.,
as General Partner

By: Metalmark Subadvisor LLC

By: _____
Name: Howard I. Hoffen
Title: Managing Director

IN WITNESS WHEREOF, the parties have executed or caused this Amendment to be executed as of the date first written above.

DIRECT RESPONSE CORPORATION

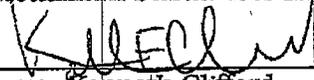
By: _____
Name: Mory Katz
Title: Chief Executive Officer

MORGAN STANLEY CAPITAL PARTNERS III, L.P.
MSCP III 892 INVESTORS, L.P.,
MORGAN STANLEY CAPITAL INVESTORS, L.P.

By: MSCP III, L.P.,
as General Partner for each of the
above Funds

By: Morgan Stanley Capital Partners III, Inc.,
as General Partner

By: Metalmark Subadvisor LLC

By: 
Name: Kenneth Clifford
Title: Managing Director

DR INVESTORS, L.P. and DR INVESTORS II, L.P.

By: Morgan Stanley Capital Partners III, Inc.,
as General Partner

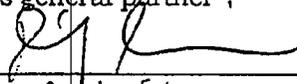
By: Metalmark Subadvisor LLC

By: 
Name: Kenneth Clifford
Title: Managing Director

J.C. FLOWERS II L.P.

By: JCF Associates II L.P.,
its general partner

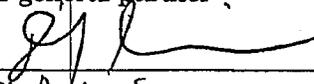
By: JCF Associates II Ltd.,
its general partner

By: 
Name: David Schmitz
Title:

JCF DRC, LP

By: JCF DRC GP, LP,
its general partner

By: JCF DRC GP, LLC,
its general partner

By: 
Name: David Schmitz
Title:

THE PLYMOUTH ROCK COMPANY INCORPORATED

By: _____
Name:
Title:

STONERIDGE HOLDING LLC

By: _____
Name: Jeffrey C. Keil
Title: Managing Member

J.C. FLOWERS II L.P.

By: JCF Associates II L.P.,
its general partner

By: JCF Associates II Ltd.,
its general partner

By: _____
Name:
Title:

JCF DRC, LP

By: JCF DRC GP, LP,
its general partner

By: JCF DRC GP, LLC,
its general partner

By: _____
Name:
Title:

THE PLYMOUTH ROCK COMPANY INCORPORATED

By: Neil B. Berloff
Name:
Title:

STONERIDGE HOLDING LLC

By: _____
Name: Jeffrey C. Keil
Title: Managing Member

J.C. FLOWERS II L.P.

By: JCF Associates II L.P.,
its general partner

By: JCF Associates II Ltd.,
its general partner

By: _____
Name:
Title:

JCF DRC, LP

By: JCF DRC GP, LP,
its general partner

By: JCF DRC GP, LLC,
its general partner

By: _____
Name:
Title:

THE PLYMOUTH ROCK COMPANY INCORPORATED

By: _____
Name:
Title:

STONERIDGE HOLDING LLC

By: 
Name: Jeffrey C. Keil
Title: Managing Member