JUL 10 2002 15:17 F[redacted]

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801.11(e) [redacted]
802.51
801.1(e)(2) [redacted]

Writer[redacted]
E-Mai[redacted]

2002 JUL 10 P 4:51

FEDERAL TRADE COMMISSION
PREMERGER NOTIFICATION OFFICE

July 10, 2002

VIA FACSIMILE 202-326-2624
AND FIRST CLASS MAIL

Mr. Michael Verne
Premerger Notification Office
Room 303
Federal Trade Commission
600 Pennsylvania Avenue, N.W.
Washington, DC 20580

Dear Mike:

This letter is to confirm your interpretation of the applicable law and regulations that you expressed in our telephone discussion on Monday, July 1, 2002. If we have misstated or misunderstood your interpretation, please advise as soon as possible.

[redacted] and I described the facts relating to the transaction in question as follows:

The holding company, which is a debtor in bankruptcy ("Debtor"), will be replaced through the bankruptcy process by a newly formed corporation ("Newco"). Newco will acquire the assets of Debtor (subject to permitted liabilities) in exchange for Newco's assumption of certain liabilities, including substantially all of its debt. Debtor's assets consist primarily of the stock of its first tier operating subsidiaries. An independent valuation has assigned to Debtor, including its operating subsidiaries, an aggregate enterprise value between $225 million and $325 million. Some of the subsidiaries are foreign issuers. At present, Debtor has approximately $700 million in debt. In connection with the reorganization in bankruptcy, Debtor's senior secured creditors will forgive approximately $600 million of debt in exchange for shares of Newco, leaving Newco with approximately $100 million of debt, and a revolving credit facility under which it can draw up to $110 million, a significant part of which amount will have been drawn when the reorganization becomes effective (the present outstanding amount drawn is $70 million).

Debtor's foreign operating subsidiaries comprise approximately 39% of the aggregate value of all of the operating subsidiaries. While the independent valuation does not directly

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allocate the enterprise value among the subsidiaries, two of the more significant criteria used in the valuation, total sales (39.0%) and net asset value (38.6%), support this allocation.

The allocation is based on our conclusion that one of the subsidiaries is not a foreign issuer. That subsidiary is a holding company incorporated in [redacted]at owns a single operating company, all of whose activities and offices are located in the United States. The holding company has a mailing address i[redacted]ut no office there.

The foreign subsidiaries do not, in the aggregate, have sales in or into the U.S. or hold assets located in the U.S. with a value of more than $50 million.

The transaction between Debtor and Newco will occur simultaneously with the senior secured creditors of Debtor becoming shareholders of Newco.

One of the shareholders of Newco will make an HSR filing in accordance with Rule 801.40.

Exclusion of Foreign Subsidiaries From Valuation Analysis:

Debtor is conveying assets, including primarily the voting securities of its operating subsidiaries, to Newco in return for assumption and forgiveness of its debt. Debtor's foreign subsidiaries (representing approximately 39% of the value of the transaction) qualify for the exemption provided by Rule 802.51 under the facts set forth herein. The nonexempt acquisition of voting securities (representing approximately 61% of the value of the transaction) has, therefore, a value of less than $200 million (61% of even the highest valuation in the range of values, $325 million, being less than $200 million).

Transaction Between Debtor and Newco:

The size of parties test is applicable because Newco, the acquiring person, will not hold as a result of the exchange an aggregate total amount of the voting securities and other assets of Debtor, the acquired person, in excess of $200 million. Debtor has annual net sales and total assets in excess of $100 million. However, Newco does not satisfy the size of parties test because it does not have any assets or annual net sales, and will not have any assets prior to or following the reorganization other than the assets (primarily voting securities) it acquires from Debtor. See, 16 C.F.R. § 801.11(e).

Since the size of parties test is not met, the transaction between Debtor and Newco is not subject to a filing requirement.

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Mr. Michael Verne
July 10, 2002
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Thank you again for your assistance. Please advise if this letter misstates your interpretation of our discussion in any way.

Sincerely,

[redacted]

cc: [redacted]

ADVISED THE WRITER THAT I AGREE
WITH HIS CONCLUSIONS.

B. Michael Verne
7/15/02

[redacted]