

March 6, 2000

By Facsimile

Ms. Alice Villavicencio  
Federal Trade Commission

Prereqmer Notification Office  
Room 303  
6th St and Pennsylvania Ave, N.W.  
Washington, DC 20580

Dear Ms. Villavicencio:

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MARCH 10 2000  
FEDERAL TRADE COMMISSION  
WASHINGTON, DC 20580

TRANSACTIONS OF THIS SORT FOR THEIR GENERAL ACCOUNTS AND FOR SEPARATE ACCOUNTS AND OTHER FUNDS WHICH THEY ADMINISTER.] THE DEBTOR IS IN DEFAULT UNDER THE SENIOR NOTES, AS WELL AS CERTAIN DEBT OWED TO OTHERS. THE PARTIES HAVE PROPOSED A WORK-OUT AS PART OF WHICH LENDER WOULD AGREE TO EXCHANGE THE SENIOR NOTES FOR SHARES OF VARIOUS SERIES OF DEBTOR'S PREFERRED STOCK AND PROMISSORY NOTES WHICH ARE CONVERTIBLE INTO ADDITIONAL SHARES OF PREFERRED STOCK.

The preferred stock to be issued to Lender will have the present right to vote (together with preferred stock to be issued to certain other creditors) for the election of one of the Debtor's seven directors. (Under certain future circumstances, which are not within Lender's control, the preferred stock would be entitled to participate in the

*Director  
act 4/7*

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amendment of its certificate of incorporation. As part of the arrangements, the company will undertake to immediately take action to amend its certificate, but it is a public company and the process to obtain the requisite shareholder approval will take some time.)

whether the automatic conversion of the convertible notes into preferred stock upon the amendment of the certificate could be considered to be part of the same bona fide debt work-out

that fashion, but wanted to confer with others in the Premerger Notification Office. Since we spoke, I have been asked whether a subsequent conversion of the preferred stock into common stock would be exempt from notification (under 802.63(a) or otherwise). I think that some of our [REDACTED] your view.

Please call me at [REDACTED] after you have followed up with your colleagues.

Very truly yours,  
[REDACTED]

Called writer on 3/8/2000.  
AMY

*As long as the stock is part of the bona fide debt work-out, and the lender will not be getting control of the debtor, the exemption pursuant to Rule 802.63 applies.*

*P.S. concurs*