

WRITER'S DIRECT LINE

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This is to confirm our conversation today concerning the applicability of Rule 802.63 to the facts described in this letter. Please let me know if this accurately reflects your advice.

Company A is a long-standing debentureholder of Company B. The proposed plan for a bona fide debt workout contemplates that Company A's debenture will be converted into voting stock representing approximately 15% of the post-workout voting stock of Company B. Also pursuant to the plan, Company A.hes been requested to contribute "beau volue" for which it will receive additional

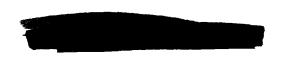
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The issue presented is whether the acquisition of voting stock as a consequence of the contribution of "new value" pursuant to the workout is exempt under Rule 802.63. (The acquisition of stock in exchange for the debenture is clearly exempt under 802.63.)

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contributed by a creditor pursuant to the workout plan, the acquisition of voting

more man 2070 of Company D's outstanding voting securities. This is also true



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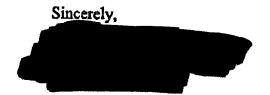
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January 21, 1994

even if Company A's contribution of "new value" is voluntary in the sense that it is free to refuse to make this contribution and free the contribut

I nank you for your assistance.



talen back for "new value" controlled by A to B, even though done pursuant to a delit workout plan, does not create a creditor / delitor "relationships and, thus, the voting stock taken back for such "new value" cannot be exempt under 802.63.