

802.63

Verne, B. Michael

From: [REDACTED]
Sent: Tuesday, November 13, 2007 5:32 PM
To: Verne, B. Michael
Subject: General Question

Mike: We've had an issue that's come up from time to time for which I'd like to get some additional confirmation on. With some frequency we represent the Indenture Trustee on behalf of bondholders who finance significant assets--a common example is airplanes that are leased to an airline. In a bankruptcy situation the debtor/airline can reject the lease, and the outcome is often that the collateral/airplane is returned/foreclosed upon. In some cases the Indenture Trustee negotiates a re-sale or re-lease of the plane. In others, however, one of the creditors essentially buys out the other creditors, and ends up owning the collateral/plane and re-leasing or selling it.

My interpretation is that such acquisitions are exempt under 802.63, and the fact that the collateral ends up in the hands of one of several creditors in a 2-step transaction does not alter this outcome. Do you agree?



AGREE -
BW
11/14/07



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