

> From: Broberg, Li (Linda)
> Sent: Tuesday, August 07, 2001 1:46 PM
> To: Akagi, Kenichi; Amicucci, Marie; Amini, Mujda; Arreola, Ruben;
> Ashley, Gregory; Aune, Dan; Bahl, Kristin; Bartholet, Steve; Beck, Linda;
> Bell, Roxanne; Belzer, Thomas; Blythe, Jim; Bodin, Brad; Bothun, Kim;
> Boyd, Victoria; Burke, Tim; Canavan, Larry; Cao, Tim; Carlson, Cameron;
> Caulson, James; Chin, James; Chlebecek, Kathy; Clark, Greg; Clemen, Molly;
> Cornelius, Pam; Cruciotti, Augie M.; Crum, Dale; Culver, Karen; Dahlin,
> Jan; Daly, Gordon; Day, Kevin; Dequiroz, Ray; Eakin, Mark; Eberle, Sinjin;
> Evans, Mark; Fleming, Catherine; Foster, Gary L.; Frazier, Robbin;
> Garramone, Tina; Geneser, Todd; Gerken, Kris; Gilmore, Shaun; Gonner, Jr.,
> John; Good, Ken; Green, Art; Greene, Mack; Griego, Sue; Hajela, Priya;
> Hand, Judith; Harvey, Brandon; Hendricks, Fritz; Herzog, Dick; Hilton,
> Jeff; Jacobs, Craig; Jones, Tad; Kane, Nancy; Karsten, Cathy; Kaspszak,
> Jill; Keator, Paul; Kelley, Barb; Kelly, Ann; Kole, Jay; Kriha, Cynthia;
> Kruzitski, James; LaFave, Mary; LaMoine, Shirley; Lane, Steve; Lemelin,
> Dave; Lewis, Pat; Logsdon, Mark; Manica, Dave; Mason, Dave; Mason, Sue;
> Mattioli, Keith; McFetridge, Mary; Meissner, Randy; Meschke, Marci;
> Miller, Ali; Milnor, Jim; Miracle, Diane; Newton, Barb; Nicklaus, Deb;
> O'Grady, Ken; Orenstein, Cindy; Osborne, Wade; Pagel, Gordon; Paschke,
> Sue; Peketz, John; Perricone, Mario; Porter, Ron; Portwood, Susan;
> Puffett, Karen; Pugaczewski, Jack; Real, Jennifer; Rogers, Tad; Ross, Deb;
> Schmiedlin, Joan; Schultz, Steve; Sellman, Collin; Serafin, Elizabeth;
> Shaheen, Bob; Sigmundik, Rob; Skeels Harford, Denise; Smaby, Sara; Smith,
> Murray; Spaulding, Paula; Spence, Lynne; Stewart, Pharr; Szyfer, John;
> Taylor, Cal; Taylor, Teresa; Thiel, Larry; Walker, Darren; Walker,
> Michelle; Wallace, Estelle; Weiner, Mike; Wenker, Joe; Werner, Amy Jo;
> Werth, David; Wickhem, Dave; Wigert, Dennis; Worth, Gary; Zych, Gregory;
> Abel, Philippe; Cathey, Hugh; Drach, Terry; Duvall, Matt; Filip, Dana;
> Floyd, Tim; Gilbert, Dave; Gordon, Lisa; Gugel, Matt; Haggerty, Steve;
> Hannum, Glenn; Hanson, Todd; Hatch, Dan; Hebdon, Cheryl; Knight, Ned;
> Koepl, Kristin; Lindsay, John; Lopez, Bob; Manzanares, Ted; Mendelson
> Ware, Debora; Moon, Amy; Moreland, Susan; Murphy, Sarah; Ott, Shawn;
> Pluchinsky, Bruce; Schnellmann, Sue; Tiller, Frank; Turturro, Augie;
> Wills, Joan; Mather, Connie R; Werner, Tony; Ansley, Meng; Dravage-Bush,
> Jennifer; Gale, Don; Galvin Jr., Charlie; Garcia, Veronica; Groh, Marti;
> Hargis, Dave; Hornecker, Don; Hunt, Angela; Robison, Julie; Schroeder,
> Petra; Shelton, Jana; Singer, Colette; Smith, Lois; Syrios, James; Tran,
> Dan; Van Horn, Laurie; Waldman, Jason; Waltz, Sheila; Weaver, Steve;
> Easters, Martin; Hardegger, Jeff; Hudgings, Elizabeth; Hughes, Brad;
> Karson, Renee; Morris, Marlon; Odins, Juris; Parker, Thomas; Reese, Kathy;
> Rodney, Marcy; Harm, Jeff; Kennedy, Jamie; Schoder, John; Taylor, Tammy;
> Constant, Peter; Ferguson, Allardice; Garrett, Jeffrey; Leinweber, John;
> Lundgren, Shawn; Martinez, Olivia; Miller, Steve
> Cc: Rotter, Matt
> Subject: Covad Ch 11

- > Importance: High
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- > Third batter down. End of the national DLEC game.
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- > It would seem that financial-management-by-committee did the job rather
- > quickly.
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- > Covad has announced they will file Chapter 11 bankruptcy in the middle of
- > August. Reading between the lines, it appears bondholders have forced
- > Covad to bankruptcy while there is still money left to pay them something.
- > There's an pre-Ch 11- negotiated agreement that Covad will pay bondholders
- > \$0.19 on the dollar invested, which is a lot more than what the stock has
- > been going for in recent weeks. So the bondholders got what they wanted.
- > I've never seen this done before, so if it works, it sets a precedent.
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- > Covad seems to think "this is a good thing" to quote Martha Stewart. It
- > will help them get rid of \$1.4B in debt and they can resume operations
- > with a clean slate. They also believe their bankruptcy status will affect
- > neither customers nor operations. They are delusional. Too much Kool-Aid.
- > It's quite likely a judge will say they have no chance to succeed and
- > force them to immediate Ch 7 liquidation.
- >
- > Li Broberg
- > Product Market Intelligence
- > <<COVD Ch 11.doc>>
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