
Burbank No. 5208
EXHIBIT
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L. Matt Wilson

From: L. Matt Wilson [matt@willaw.com]
Sent: Tuesday, May 17, 2005 4:23 PM
To: 'Weisfelner, Edward S.'
Cc: 'Scharf, Leslie H.'; 'Siegel, Howard L.'; 'Anders Maxwell'; Dustin Thompson
Subject: RE:Cross Examination of Anders Maxwell



L. Matt Wilson
(matt@willaw.co...

Dear Ed and Company:

I am writing to respond to and accept Ed's sincere and very gracious offer, made in open Court and on the record, to cooperate and coordinate in the future presentation of the Equity case.

Specifically, I want to absolutely minimize my cross examination of Anders Maxwell, for any number of reasons, and advise you of my areas of interest, so that you can either cover it with him in his direct or otherwise prepare him as you see most appropriate.

Naturally, if any of these are matters which do not fit into your trial strategy, or if you do not want to address them, or if feel that any of these will prejudice your presentation, then please so indicate with whatever explanation you are willing to offer, and we can explore my questioning Anders on these topics or some alternative means of introducing this evidence.

1. NRG - How much debt was converted to equity and how has the market valued that equity. If Anders can prepare a chart or a visual that would be great. This is the issue that the Court also asked about so he should be prepared to address these facts in the light most helpful to Equity.
2. Balance Sheet Equity - The 12-31-2002 Balance Sheet showed \$2,955 M of Stockholder's Equity. That was a number publically reported by management and certified by the accountants. Where did it go? The answer is that it has all been written off via asset impairments, but never publically explained or challenged and never addressed in the Management or Creditor's case in chief. In actuality, nothing has changed other than impairments and other non-cash writeoffs.
3. The Tax Rate Issue - based on the Domestic Manufacturer's Credit, the State NOL, and the Federal NOL (which is already on your list). Anders, I do not understand why there any economic or logical reason to project the future cash flow after a 40% rate of interest, discount it to NPV at a percentage interest rate, and then separately discount the future savings for the NOL at a completely different interest rate. The risk of using NOL is the same risk as having the income. Anders, please be able to authenticate the new statute and enter it into evidence.
4. The Contract Interest Rate of the Debt being converted to Equity. Anders, please look at the loan documents underlying the \$6 B proposed under the plan to be converted from debt to equity so you can testify as to the contract interest rate.
5. The Prime Rate. Anders, please look at the current Fed H.15 report at www.federalreserve.gov/releases/h15/update/ so he can testify that the current prime rate is 6.0%. Please introduce the current H.15.
6. The Actual Spreadsheet Model and Math: Management and the Creditors have failed to make any of their actual math and models available to the Court and they have failed to introduce any of it into evidence. The Court has noted this, and openly queried as to how it might be able to work the math after it decide the variables. This presents an opportunity for Anders to deliver the definitive model, putting it into evidence, with a copy to the Court and the clerks, so the Court can work the model itself after it makes the decisions as to the inputs.

7. With Ander's Model, I will want to ask Anders the following specific questions about his model. What is the NPV of the Domestic, Philippines, and Caribbean, based on the 1) Company's projections, 2) MBY projections, and then 3) with his adjustments to these projections, at 6% and 8% and at the debt contract interest rate.

8. Finally, Anders will you please confirm the P/E ratios on the chart I used in Court. I simply want to ask you if you have looked at the reported P/E ratios, or made these calculations, so I have the underlying data in evidence.

That's all I have at this time. I may have some additional thoughts as I complete my review, legal research, and further trial preparations, but if so, then I will let you know as soon as possible.

Thanks,

Matt

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