RECOLL MANAGEMENT CORPORATION
EXECUTIVE SUMMARY
LOAN RECOVERY TRANSACTIONS

From: Brian R. Shelton
Division and Cost Center: Loan Recovery/63153
To: SAC To: Oversight
Date: 12/22/92 Date:

Sensitive Issue: Yes___ No X

Proposal: (Check one)
X Final Disposition (FD)
___ Settlement (SETT)
___ Renewal/Restructure (RES)
___ Additional Advances (AA)
___ Partial Coll. Release (CREL)
___ Foreclosure Bid (BID)
___ Bulk Asset Sale (BAS)
___ OTHER (OT)

1. KEY TRANSACTION DATA

Obligor Name: Bain & Company
Obligor Address: Two Copley Place
Boston, MA 02117-0897

Business: Strategic Consulting
SIC Code: 8742

Obligor #: 0553264300
Obligation #: 182,190,208

(b)(4)
Legal Principal Balance: Total: RECOLL: 30,654,868

(b)(4)
Aggregate Relationship
Legal Principal Balance: Total: RECOLL: 30,654,868

*Represent total senior debt that is only related by a common loan agreement

(b)(4)
Agent:

Guarantors: None (applicable to RECOLL) Guarantor Type: N/A

Principals: Mit Romney Ownership/Subsidiary: Corporation

Related Obligor Name(s): None

Legal Counsel: Outside:
RECOLL: David Aisenberg

(b)(4)
Deadline: 12/31/92 Reason:

Proposal: That authority be granted to:

1. Provide a waiver to the company which will allow the company to utilize (b)(4) of its cash balances to accept debt tenders up to 30 cents on the dollar. APPROVE

2. For RECOLL to tender its $30.654mm in debt at 29 cents for a total payment of $8.889mm. TABLE

3. To write down the remaining legal balance of $22.071mm (please note book balance is only $8.856mm due to charge-off prior to receivership of $19.666mm). TABLE

Negotiations:

The account officer has attempted to facilitate a program, wherein the FDIC, as Receiver of the New Bank of New England, would have an opportunity to cash out its acquired interest in this troubled company at 100% of its acquired balance. That proposal, and support for that proposal, is incorporated in the following text. The account officer wishes to immediately point out that irrespective of the ultimate decision to tender debt pursuant to the proposal, the account officer is strongly recommending that approval be granted for (b)(4) of the company's cash balances to be used for buying debt back at 30 cents or less to down leverage the company's balance sheet. The support for this decision is incorporated herein, but the account officer wishes to reinforce this portion of the proposal at the beginning of the formal presentation.

Bain & Company is an international strategic consultant who provides a variety of consulting services to a formidable client base around the world. The former bank was one of four banks that lent money to Bain pursuant to (b)(4) the former bank also provided a (b)(4) unsecured working capital line to Bain. (b)(4)
(b)(4)

(b)(4)

(b)(4) the company borrowed (b)(4) The former bank provided working capital and letters of credit to Bain as part of a (b)(4) line of credit. (b)(4)

The company went into default on its line of credit and (b)(4) at the end of 1990. Subsequent negotiations took place resulting in a general restructuring of all debt obligations into four (4) Tranches of debt governed by a single Loan Agreement. This restructuring took place on June 14, 1991. During the course of the restructuring the former banks position was paid down by $7.512mm leaving the bank with its existing legal balance of $30.654mm. Please see Exhibit C, for the participant banks, positions and for a breakdown of debt that each respective lender had upon restructuring.

The restructuring contemplated that Bain would be able to achieve operating revenues for FYE 1992 of (b)(4) and for continued growth of revenues thereafter at (b)(4) This revenue level is necessary for the company to be able to operate normally, compensate its professionals competitively and to amortize debt pursuant to Exhibit C.1 (page 15). The company realized early on that it would be unable to hit its revenue goals. The company is currently operating at run rate (b)(4) on a 12 month trailing basis.

The company came to the bank group on 3/30/92 to present a proposal which offered to pay the bank group (b)(4) in cash and an additional (b)(4) in full satisfaction of the bank groups (b)(4) in debt. This proposal equated to approximately 35 cents on the dollar for each bank. The thesis for the proposal was that the company had recast its numbers based on its current revenue level which indicated the company would be insolvent as early as FYE 1995 under the existing structure and that (b)(4)
(b)(4)

(b)(4)

(b)(4)

(b)(4) At the time of the proposal [redacted] and RECOLL were in favor of the proposal due the company's condition (see salient facts analysis), [redacted] and [redacted] were (b)(4) in favor of the proposal due to the magnitude of debt forgiveness. [redacted] subsequently countered the company's proposal with a program that called for payment of $[redacted] and term debt of [redacted] under (b)(4) a structured amortization program. The company rejected this proposal due to the program taking all of its existing cash and leaving it with debt it could not amortize and still manage its business.

(b)(4)

At this point it is worthwhile to point out some of the key issues relative to any workout of this debt:

(b)(4)

-RECOLL is virtually unsecured its $30mm of debt due to the questionable value of its lien on the foreign A/R and the negligible value of FF & E.
(b)(4) -The primary assets of the company are its consultants [redacted]
-No lender can sell its debt position to any entity other than a financial institution without prior consent of all bank's
-The company can incur or pay operating expenses up to 90% of revenue.
-The company cannot make distributions (e.g. buy note positions) without forcing the recipient bank to share said proceeds ratably with all participant banks.
-The Tranche D debt obligations are only payable out of net cash flow. To the extent Tranche D is not retired by 2001 the debt is forgiven.
-The account officer received an indication from Asset Marketing that they would not be able to sell this note due to its condition (see Exhibit I page 80).

The net effect of the prior conditions is that RECOLL is restricted as to who it can sell its debt to, RECOLL cannot negotiate a stand alone transaction on its debt with the company and the company can deplete its cash balances by making officer bonus payments and still be in compliance with the loan documents thereby depleting the company's present liquidity. The last primary concern is that absent some dramatic restructuring the senior officer Cadre is indicating they will leave to pursue other opportunities which will effectively lead to the dissolution of Bain & Co.

Based on the loan sale restrictions, the less than forecasted operating results, the company's ability to deplete its liquidity and RECOLL's effectively unsecured position, the account officer attempted to revive a global note purchase program with the company to provide the FDIC, as receiver of the New Bank of New England (NBNE), with an opportunity to tender its debt at an amount sufficient to satisfy the book balance it acquired upon the former bank's failure.

It became clear that the only viable program acceptable to all participant banks would be a competitive bidding process. Six months of negotiating resulted in this proposal which contemplates the following:

1. The banks will consent to a waiver which will allow the company to utilize [redacted] of cash (b)(4) balances to retire debt tendered by the individual banks.

2. The tender offers will be presented through sealed bids at a price not to exceed 30 cents on the dollar. To the extent the tender is fully subscribed the company's obligated to accept the bids (b)(4) and distribute the [redacted]

3. The bids will be accepted evenly across all Tranches of debt (i.e. if RECOLL were to bid $10mm of $30mm outstanding the reduction would be taken proportionally across all of its Tranches).

4. The company will accept bids starting at the lowest bid continuing upward until fully subscribed.

5. The company's required debt amortization for all remaining debt will be proportionately decreased in following years consistent with the lessened participated interest of each bank which has tendered its debt.

(b)(4)

The debt tender, if fully subscribed at 30 cents, will retire [redacted] of debt at a minimum and as much as [redacted] at a fully subscribed price of 27 cents. [redacted] required a third party consultant report which indicates further restructuring of Tranches A-C will still be required if the tender is fully subscribed at 30 cents because only [redacted] would be available to amortize [redacted] of debt and pay interest, hence the banks who stay in will still need to look at further concessions or the company could still fail to generate sufficient cash flow to service debt. Based on the foregoing the account officer is recommending tender of RECOIL's debt at a competitive bid of 29 cents or $8.889mm.

(b)(4) (b)(4) (b)(4) (b)(4)

Benefits & Weaknesses:

-The FDIC, as receiver of NBNE has the opportunity of recovering its acquired balance of this troubled company 100% in cash today.

-RECOIL will facilitate a substantial debt reduction by allowing th[redacted] out of the company to retire debt at 30 cents on the dollar if it chooses not to tender its debt. (b)(4)

-The proposal eliminates the substantial uncertainty of this company by recovering its net position today.

-The weakness of the proposal is that the proposal would preclude the possibility of yielding a substantial recovery on this debt in the future. The account officer believes that the company has proven its instability over the last two years, therefore the company's recovery and stabilization going forward is in doubt. When you weigh the risks of the future versus the benefit of full recovery today, the account officer believes the proposal to be surest method of exiting this credit without incurring losses to the pool.

2. Facilities: (000's)

Obligation #	Obligation Type	Legal Commitment	Unfunded Balance Available	Legal Principal Balance	Legal Accrued Interest	Fees/ Expenses	Total Legal Balance
182		10,383	0	10,383	0	0	10,383
190		14,339	0	14,339	0	0	14,339
208		5,931	0	5,931	0	0	5,931
	Total:	30,654	0	30,654	0	0	30,654
	Other Related:	0					
	Total Aggregate Related:	30,654					

Oblign #	Interest Rate	Days Past Due	Maturity Date	Guarantors	Guarantor Financial Summary: Date	Supporting NW	Cont. Liabilities
182	LIBOR +1%	0	3/31/97	None			
190	5%	0	3/31/99	None			
208	0%	0	N/A	None			

Fleet Banking Relationship: None

Participants: Participants agree with proposal: X Yes ___ No

Name	% of Obligation	$ Amount of Obligation
See Exhibit C, Page 14		
Total:		

3. Collateral: (000's)

Obligation #	Collateral Type	Lien Position	Total Appraised Value*	RECOIL Collateral Share $	Appraisal Date	Prior Liens	Unpaid Taxes	LTV	DSC
182,190,208	Domestic A/R's	2nd	[redacted]	0	N/A	[redacted]	0		(b)(4)
	Foreign A/R's	1st	[redacted]	[redacted]	N/A	0	0		(b)(4)
	F.F. & E	1st	N/A	N/A	N/A	0	0		

(b)(4)

TOTALS:

Cross-Collateralized Obligations: All

Appraiser Names/Titles: N/A

Collateral Description:
RECOLL's collateral consists of a shared first lien on the company's foreign A/R's and on the company's furniture, fixtures and equipment (FF & E). RECOLL also has a shared 2nd lien on the domestic A/R's, this lien is subordinate to the first lien of [redacted] and [redacted] of [redacted] (b)(4)

(b)(4) The foreign A/R's aggregate [redacted] RECOLL has a shared first lien on these assets for its 30% interest in the 4 Tranches of debt. These receivables do not provide RECOLL with any liquidation value in that a lien on foreign A/R's cannot be perfected, hence collection is a problem, and due (b)(4) to the fact that in a bankruptcy it's likely that most, if not all, of the account parties would claim offsets for discontinued consulting services.

A list of FF & E is attached in Exhibit F, (Page 71). The bulk of the value is in leasehold improvements and computer equipment. The leasehold improvements have no tangible value in a liquidation. The computer systems already have aged between 6-8 years, hence would not bring a lot of value in a liquidation. In any case, RECOLL's portion of any liquidation proceeds would be negligible.

4. Salient Facts [including financial summary of obligor(s) and guarantor(s)]:
Bain & Company is an international strategic consulting firm. The company has offices in virtually every continent in the world. The company was very profitable historically. The entity was a partnership held by 8 individuals until July 22, 1985 when Bain was incorporated in Massachusetts (b)(4) and in New Jersey. [redacted]
(b)(4) [redacted] the former provided Bain with a $31mm working (b)(4) capital line. The background of the [redacted] working capital line is more fully set forth in Exhibit E (page 64).

(b)(4)

During the later half of the 1980's competition in strategic consulting increased dramatically. [redacted]
(b)(4) [redacted]
(b)(4) [redacted] The company defaulted on its debt obligations and an overall restructuring of the company's debt took place. The end result of the work out, consummated in June, 1991, was that senior debt was paid down to [redacted] (see Exhibit C, Page 14) (b)(4)
(b)(4) [redacted] of subordinate debt and subrogated claims were forgiven by the 8 former owners of Bain. In addition to the foregoing the 8 former owners of Bain were required to pay [redacted] into the (b)(4)
(b)(4) company and provide [redacted] of payment guarantees to [redacted] and [redacted] (b)(4)

The four Tranches of debt and their repayment are governed by a single loan agreement. Attached as Exhibit C.2 (page 16) is a outline of each banks security or guarantees for the debt. It is important to reemphasize that Tranche D is a cash flow debt that is forgiven to the extent not paid by 2001, therefore when the account officer refers to required debt amortization he is referring only to Tranches A, B & C.

When the 1991 restructuring was enacted Bain and the banks assumed that the company would operate at
(b)(4) [redacted] of base revenues with a growth rate of [redacted] thereafter. Unfortunately the company is
(b)(4) struggling to manage revenues at [redacted] a 12 month trailing basis hence the company is well below
(b)(4) its forecast and is now forecasting [redacted] shortfall over the life of the existing debt
(b)(4) structure based on today's operating levels. [redacted]
(b)(4) [redacted]
(b)(4) [redacted] Given that people are the primary asset of a service business [redacted]
(b)(4) [redacted]

The company has taken the position that it will not be able to keep its officer corp intact or -5-

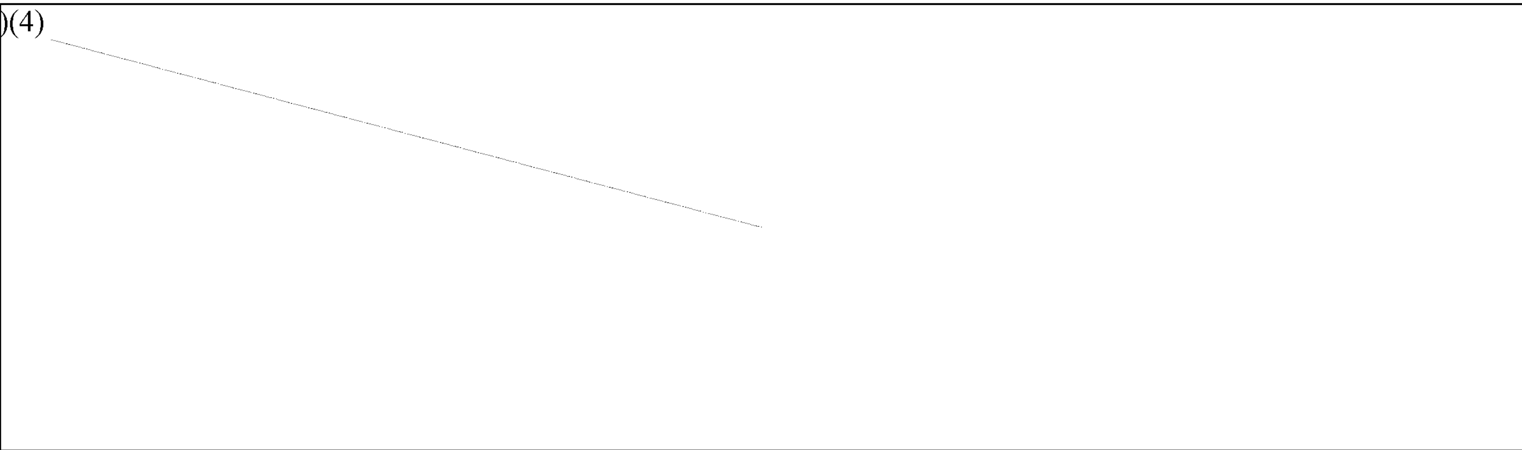
(b)(4)

(b)(4)

survive beyond 1995 absent substantial relief. The company therefore, began to pursue avenues of obtaining relief from the bank group as discussed previously. (b)(4) on behalf of the bank group, hired (b)(4) to conduct a study to confirm or deny assertions made by the company as to their position. This study is attached hereto as Exhibit D (page 17). The study reports that absent an auction, and assuming the FY 1993 base year revenues through the first four months (i.e. current run rate), the company will experience a peak cumulative shortfall of (b)(4) in the fifth year of the current debt structure. The report further indicates that based on the company's base case projection a total of (b)(4) of debt (including, Tranche D) would have to be retired before all debt could be serviced. This means the company could have shortfalls ranging from (b)(4) (b)(4) if it doesn't retire (b)(4) of debt or grow revenues dramatically going forward.

Coopers has performed a sensitivity analysis which indicates that the company would have to grow base revenues at (b)(4) annually for (b)(4) years or at (b)(4) annually, with a successful debt tender, to service debt under the existing structure. This conclusion would require growth at an initial rate of (b)(4) per annum without an auction or at (b)(4) per annum with an auction. These growth numbers would continue to compound thereby increasing the real dollar revenue growth requirement each year for the company to meet its debt service and amortization requirements. Given that the company is struggling to maintain its present revenue level it appears unlikely that the company will be able to achieve the growth necessary to meet its obligations. Attached as Exhibit H (page 79) is a sensitivity analysis which demonstrates the company will have a peak cash shortage of (b)(4) if Bain does retire $40mm of debt in a tender and even if the company grows revenues at (b)(4) annually.

(b)(4)



5. Alternatives:

RECOLL basically has three alternatives to the proposal. The first alternative is to do nothing. The second alternative is to allow the (b)(4) to be utilized to retire debt at an amount not to exceed 30 cents on the dollar to unleverage the company to some extent. The last alternative is to (b)(4) bid at a different level than the proposal.

The first alternative would be catastrophic. The bank group all believe that the company will fail if the tender is not only allowed, but fully subscribed. The senior officers of this company are prepared to pursue other opportunities if something doesn't change (b)(4) the company indicates that it intends to pay out bonus' (b)(4) absent movement by the bank group. (b)(4)

Attached as Exhibit B is an NPV of a "do nothing" scenario which assumes that dissolution occurs after the first of the year, the assets securing RECOLL's debt are liquidated and proceeds are ratably allocated to RECOLL. The NPV of this alternative is $3.05mm.

The second alternative is to allow the company to disgorge (b)(4) of cash to allow for debt repurchase at a discount and for RECOLL not to tender its debt. This alternative at least provides a better opportunity for RECOLL to realize some value on its debt if it (b)(4) exposure today in that other banks will have the opportunity to tender their debt and thereby down leverage the company. Coopers and Lybrand has indicated that the company would have to grow revenues after a successful debt tender at a compounded rate of (b)(4) annually to achieve sufficient cash flow to marginally service debt which will be difficult if not impossible. However, given that (b)(4)

(b)(4) approximately [redacted] it would appear short sited not to allow debt to be retired at a significant discount to at least better RECOLL's chances of recovering on its debt long term. Attached as Exhibit H (page 14) is a sensitivity analysis of what the company would look like after a successful debt tender at 30 cents (b)(4) (i.e. [redacted] debt reduction). (b)(4)

The analysis indicates that even after a successful debt tender the company will have huge cash (b)(4) shortages if revenues do not exceed their [redacted] annual growth plan. Deficits will begin in FY96 (b)(4) [redacted] and grow to a peak of [redacted] by the end of the modification period. If the company grows (b)(4) revenues at a [redacted] annual rate then deficits will begin in FY95 [redacted] and peak at [redacted] in (b)(4) FY98. For purposes of establishing an NPV the account officer assumes that the company manages to survive through FY95, but fails in FY96 due to cash deficits of [redacted] which will cause default and (b)(4) acceleration of the debt. Such defaults will trigger dissolution of the company due to the long standing uncertainty as to the company's debt capacity. The FY96 dissolution is also predicated (b)(4) upon the [redacted] deficit which will exist under a [redacted] annual revenue growth scenario which would (b)(4) mean that the company not only cannot service senior debt, but will not be able to [redacted] (b)(4) (b)(4) [redacted] thereby killing the company. The NPV of scenario two is $7.166mm.

The last alternative is to lower or increase RECOLL's bid from 29 cents on the dollar. The account (b)(4) (b)(4) officer believes that [redacted] and [redacted] could be bidders in a debt tender. [redacted] (b)(4) has the best position in that they have a shared 1st lien on domestic A/R's, right of set-off on the company's A/R lock-box account and a proportionate share of the [redacted] of collateralized (b)(4) (b)(4) guarantees. [redacted] was willing to accept 30 cents on the dollar in March, 1992, therefore the account officer believes that they may be RECOLL's competition in bidding in that [redacted] will (b)(4) have some recovery on its collateral therefore could bid some substantial piece of its debt and leave a strip for future collection which is adequately secured. [redacted] could bid all [redacted] (b)(4) of its (b)(4) debt at 30 cents [redacted] and not effect RECOLL's situation. (b)(4)

This tender concept may be the only opportunity RECOLL has of recovering the FDIC, as receiver of the NBNE, investment in this loan, therefore a bid more aggressive than the proposal (i.e. lower) may be an alternative as a risk free avenue of resolving this debt. The account officer has no reasonable basis to even attempt to estimate what [redacted] will do, therefore the 29 cents bid is (b)(4) still recommended.

6. Conclusion:

Bain & Co. is a service company whose primary assets drive home each night. There is a tremendous amount of uncertainty relative to the stability of its officer corps and its ability to service debt (b)(4) [redacted] Given that RECOLL's position is virtually unsecured the account officer is recommending the proposal as the most viable alternative to recover the acquired interest of the FDIC, as receiver as NBNE.

(b)(6) Obligor Name: Bain & Company

	Account Officer	Group [redacted] er	Sect[redacted] er (b)(6)
(b)(6) Signature:		[redacted]	
Printed Name:	Brian R. Shelton	Brian R. Shelton	Jeffrey M. Dwiggins
Phone number:	573-2919	573-2919	573-2655
Mail code	:MABOS40CLO	MABOS40CLO	MABOS40CLO
Date:		11/22/92	12/22/92

Special Assets Committee
Date:

Oversight Committee
Date:

The undersigned RECOLL Legal Division attorney has reviewed this standard transaction package, including the legal opinion(s) contained herein, which satisfactorily address(es) the issues raised herein.

Date:

CREDIT FILE COMMENT

Background
Bain & Co., Inc., provides management consulting services to the senior management of large diversified corporations on issues of corporate strategy development and policy. The company is owned by Bain & Company (a partnership) and by employees

(b)(4)

William W. Bain Jr. learned the strategy consulting business at Boston Consulting Group, Inc. He rose quickly there, but in 1973 left abruptly to open his own rival firm with six colleagues and two major clients: (b)(4) (b)(4) Bain's firm developed a corporate strategy practice that was similar to Boston Consulting; however, Bain insisted on developing long-term relationships with clients whose ideas and strategies Bain and Co.'s executives would shape and implement.

Through most of the 1980's Bain's billings often grew by (b)(4) a year. (b)(4)

(b)(4)

Soon after the founders sold their equity, business began to drop off. Major clients such as (b)(4)

(b)(4)

(b)(4)

W. Mitt Romney, who joined Bain in 1977, stepped in as managing director (and later chief executive) in late 1990 and led the financial restructuring intended to get the firm back on track. The redistribution of ownership was to provide incentives to a wider group of executives to rebuild the business. (b)(4)

(b)(4)

Industry
The management, consulting and public relations service industry provides information and expertise to a variety of clients on a contracted basis. There are five main categories: management and administration (business and facilities management and other administrative services); public relations (including lobbyists); management consulting (marketing, personnel and administrative consulting); economic and sociological research; and other consulting services.

Receipts for management, consulting and public relations establishments with payrolls reached an estimated $65.0 billion in 1991, an increase of 6.2% from 1990. The industry is staffed primarily by such professional and technical personnel as accountants, economists, industrial engineers, designers and public relations specialists. There are approximately 65,000 establishments engaged in this industry.

Mergers and acquisitions have been prevalent in the consulting services sector in the past several years. Most occurred under positive economic conditions, but mergers and acquisitions also took place during the economic downturn of 1990-1991, when times were harder for consultants than for their clients. Most of the consolidations were prompted by a desire to possess the information-technology skills that are required to adequately satisfy client needs.

In the recession of the early 1990's consultants advised clients to cut staff in order to weather the storm. In the past, consultants were outside agents; now the emphasis is on long-term client relationships. Today's generation of managers demand more sophisticated analyses of their problems as well as assistance in the implementation of proposals. Specialized consultants are now more in demand, dealing with issues ranging from personnel to marketing to information systems to environmental concerns.

(b)(4) The top 5 management consulting firms include: [redacted] (annual revenues of (b)(4) $11.3 billion), [redacted] ($9.3 billion), [redacted] (b)(4) (b)(4) ($4.2 billion), [redacted] ($2.7 billion), and [redacted] ($2.0 billion). Bain and Co. ranks 57th in the management consulting industry.

The outlook for 1992 was that management, consulting and public relations services would grow at a significant pace. Receipts are expected to increase 7.8% to $70 billion. Employment in the industry is forecast to reach 715,000 or 7.5% above the (b)(4) 1991 level. [redacted]
(b)(4) [redacted]

Historical Operating Performance
Through FY1989 Bain & Co., Inc., remained profitable, posting net profits of [redacted] (b)(4)
(b)(4) in 1988 and [redacted] in 1989. In 1990, a net loss of [redacted] was incurred, as operating (b)(4) expenses continued to increase while revenues fell. Performance in 1989 deteriorated, however, as revenues began to slip and operating expenses climbed.

(b)(4) In FY 1991 [redacted] revenue decline coupled with a [redacted] restructuring charge led to (b)(4) [redacted] operating loss and [redacted] net loss. The restructuring charge was incurred by both domestic and international operations as part of a recapitalization plan to reduce costs improve cash flows & profitability. Included in the (b)(4) restructuring charge were [redacted]
(b)(4) [redacted] losses on fixed assets and leasehold improvement disposals related to office space abandonment and consolidation, charges relating to amendments to employee benefit plans and outside professional service costs incurred in connection with the recapitalization.

(b)(4) In FY 1992, revenues declined an additional [redacted] and, despite management's efforts to control expenses, the company incurred an operating loss of [redacted] and a net loss (b)(4)
(b)(4) of [redacted]

Historical Financial Condition
The restructuring plan implemented in FY 1991 also resulted in the renegotiation of
(b)(4) the terms of the company's borrowings
(b)(4) (b)(4)
(b)(4) As part of the senior debt restructuring, lenders seized collateral plus accrued interest on the debt held in an investment account owned by the partnership. The debt was further reduced by payments made on behalf of the company by the guarantors in return for being released from certain of their personal guarantees on the original bank debt. The collateral seizures and payments made on behalf of the company resulted in subrogation claims against the company of (b)(4) (b)(4) in total.

(b)(4) During FY 92, as part of the restructuring plan, (b)(4) of subrogation claims together with accrued interest of held by the partners in the partnership against the company were contributed to the company. In addition, contributions of (b)(4) subordinated debt of (b)(4) of held by the partnership, the related (b)(4) accrued interest receivable of and cash of were made to the company (b)(4) by the partners. Through these contributions, paid in capital became (b)(4) in FY 92. In addition, the partnership contributed approximately 10,000 shares of the company's outstanding common shares to the company. The company then sold approximately 6,000 of these shares to Bain Company Partners L.P.

The balance sheet at FYE 3/31/92 showed expansion following the recapitalization.
(b)(4) The current ratio improved from (b)(4) YE91 to FYE92. Although working
(b)(4) capital remained a deficit, at negative there is marked improvement from the
(b)(4) deficit of at FYE 1991, primarily due to an improved cash position.

Collateral:
RECOLL has a shared 1st lien on foreign A/R's and on FF & E. RECOLL has a shared
(b)(4) 2nd lien on domestic A/R's subordinate to debt of (b)(4)

(b)(4) The foreign A/R's aggregate The problem with this collateral is that: a) you cannot perfect an interest in foreign A/R's, b) all customers would likely claim offsets for discontinued projects and c) RECOLL would only benefit from 30% of net A/R collections. By way of example, lets assume that 50% of outstanding A/R's do not claim offsets and actually pay invoices. RECOLL would only be entitled to 30%
(b)(4) of collections on

(b)(4) The company reports a cost basis of FF & E. Of that total is (b)(4)
(b)(4) leasehold improvements and computer equipment that either (b)(4) have no value (leasehold improvements) or minimal value (computer equipment). The computer equipment has minimal value in that it is primarily dated equipment (6-8 years old) that would cost more to remove and transport than it would bring in an auction. If you assume the remaining FF & E sold at 100% of its cost basis RECOLL's
(b)(4) (b)(4) share would yield before costs to liquidate.

Guarantors:
None for RECOLL's debt.

Related Debt:
None, except to the extent that RECOLL is a "participant" to the Loan Agreement and Debt Tranches which constitute Bain's senior debt.

RECOLL MANAGEMENT CORPORATION

LIST OF EXHIBITS

Exhibit	PAGE	Description
A.		N/A
B.	12	Alternative Analysis
C.	14	Debt Structure
C.1	15	Required Amortization Payments
C.2	16	Synopsis of Each Banks Collateral Position
D.	17	Coopers and Lybrand Report
E.	64	ESOP Background
F.	71	List of F.F. & E
G.	75	Bain & Company Financial Statement Synopsis
H.	79	Sensitivy analysis Post Debt Tender
I.	80	Asset Marketing Letter

(b)(4)

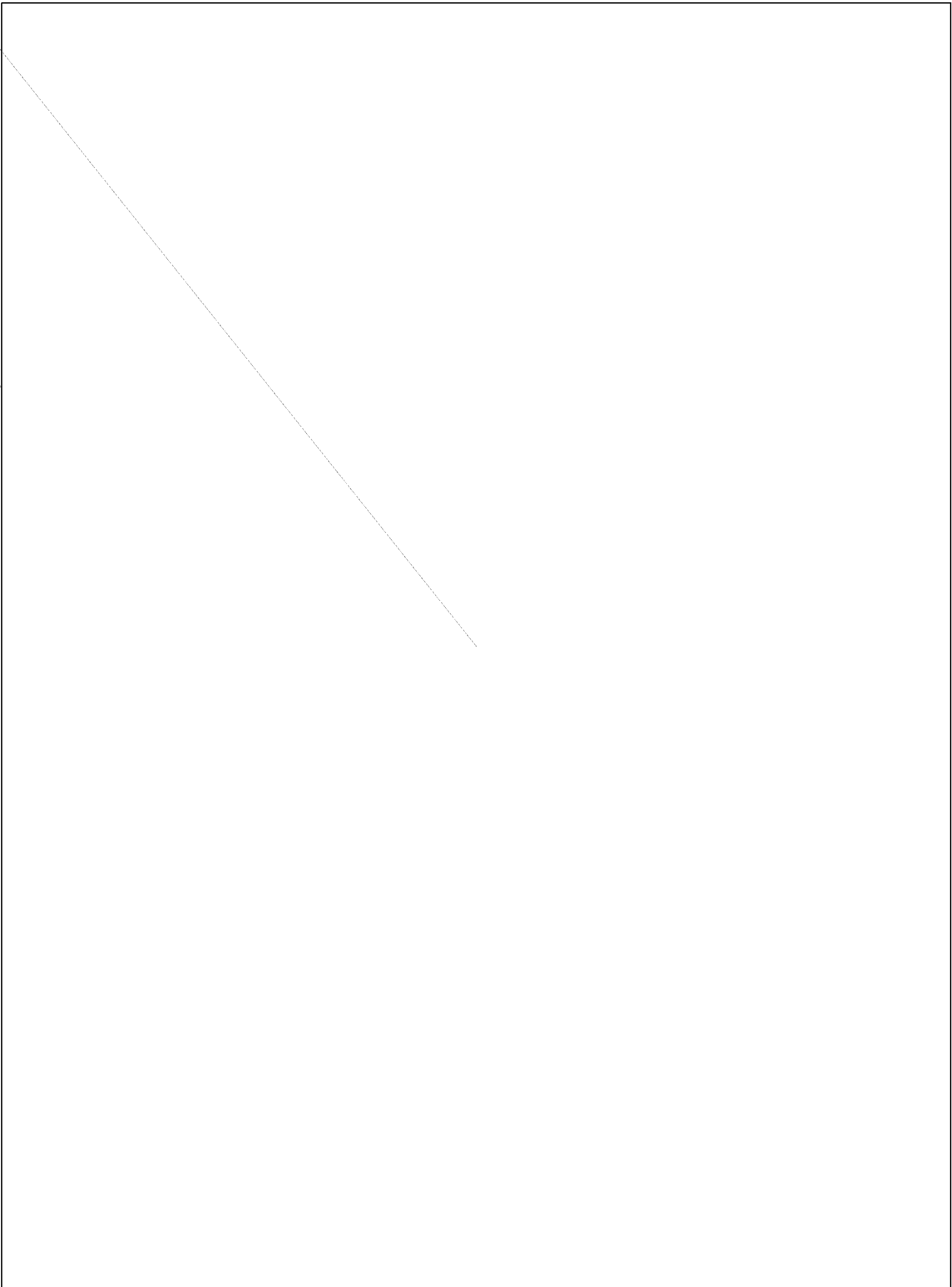


EXHIBIT B.1

EXHIBIT C

(b)(4)

(b)(4)

EXHIBIT C.1

(b)(4)

EXHIBIT C.2

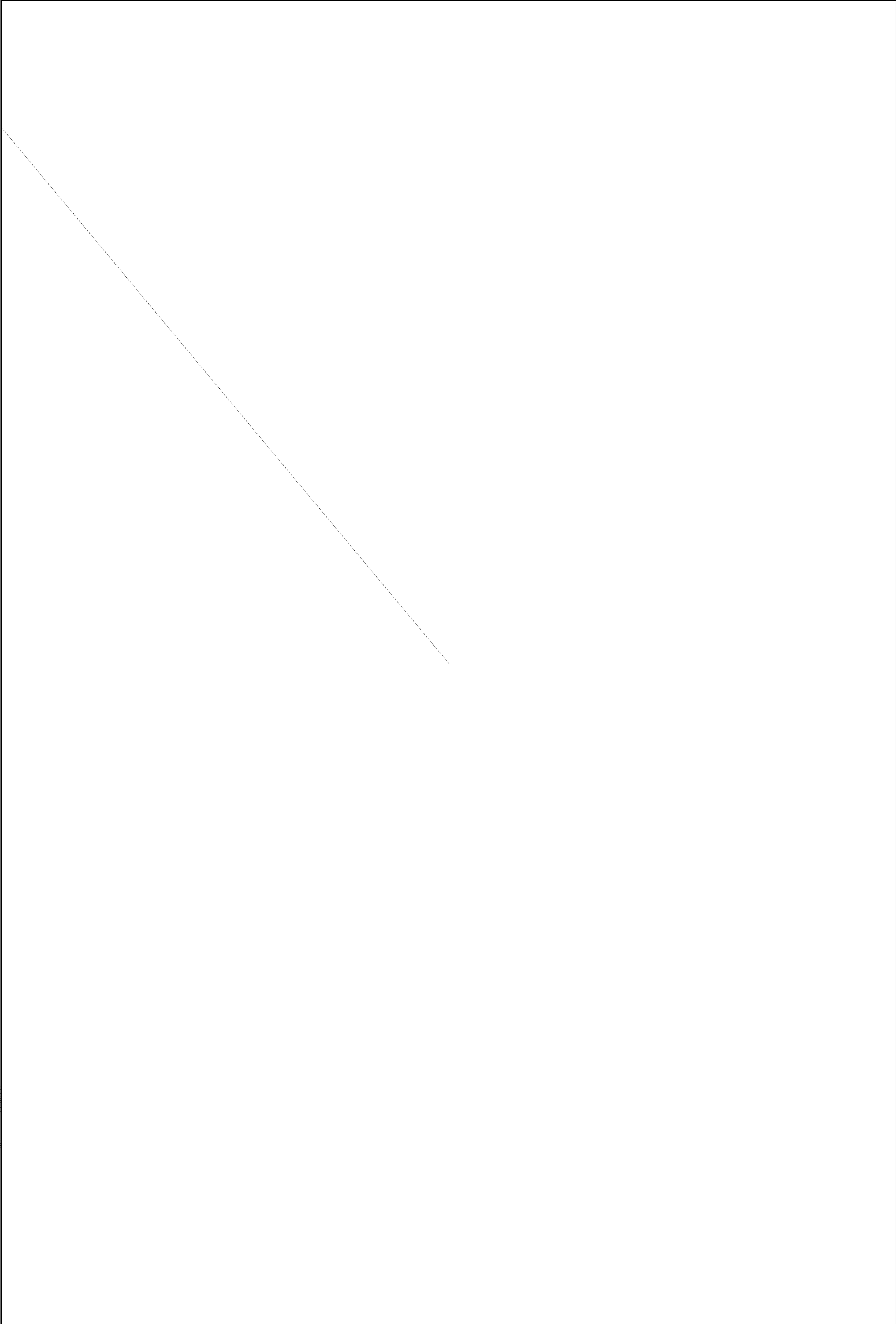


EXHIBIT D

(b)(4)

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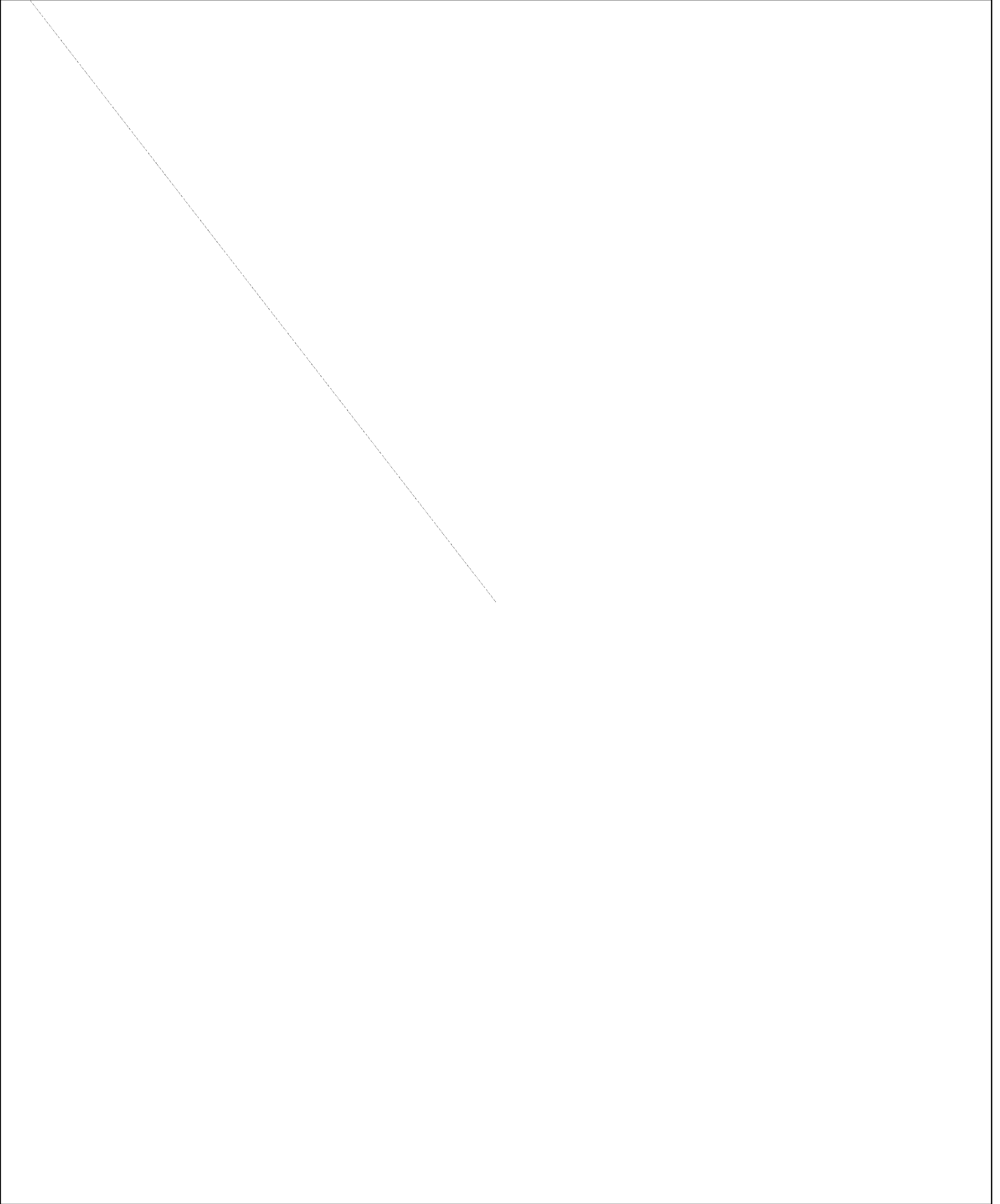

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BAIN & COMPANY, INC. AND SUBSIDIARIES

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2	*Balance Sheet Comparison of Actual vs. Budget as of July 31, 1992*
3	*Comparison of Company's Projection with Alternative Scenarios (with and without Auction)*
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12	*Detail of Company's Projection through FY 2001 with Auction at 30 Cents on the Dollar*

BAIN & COMPANY, INC.

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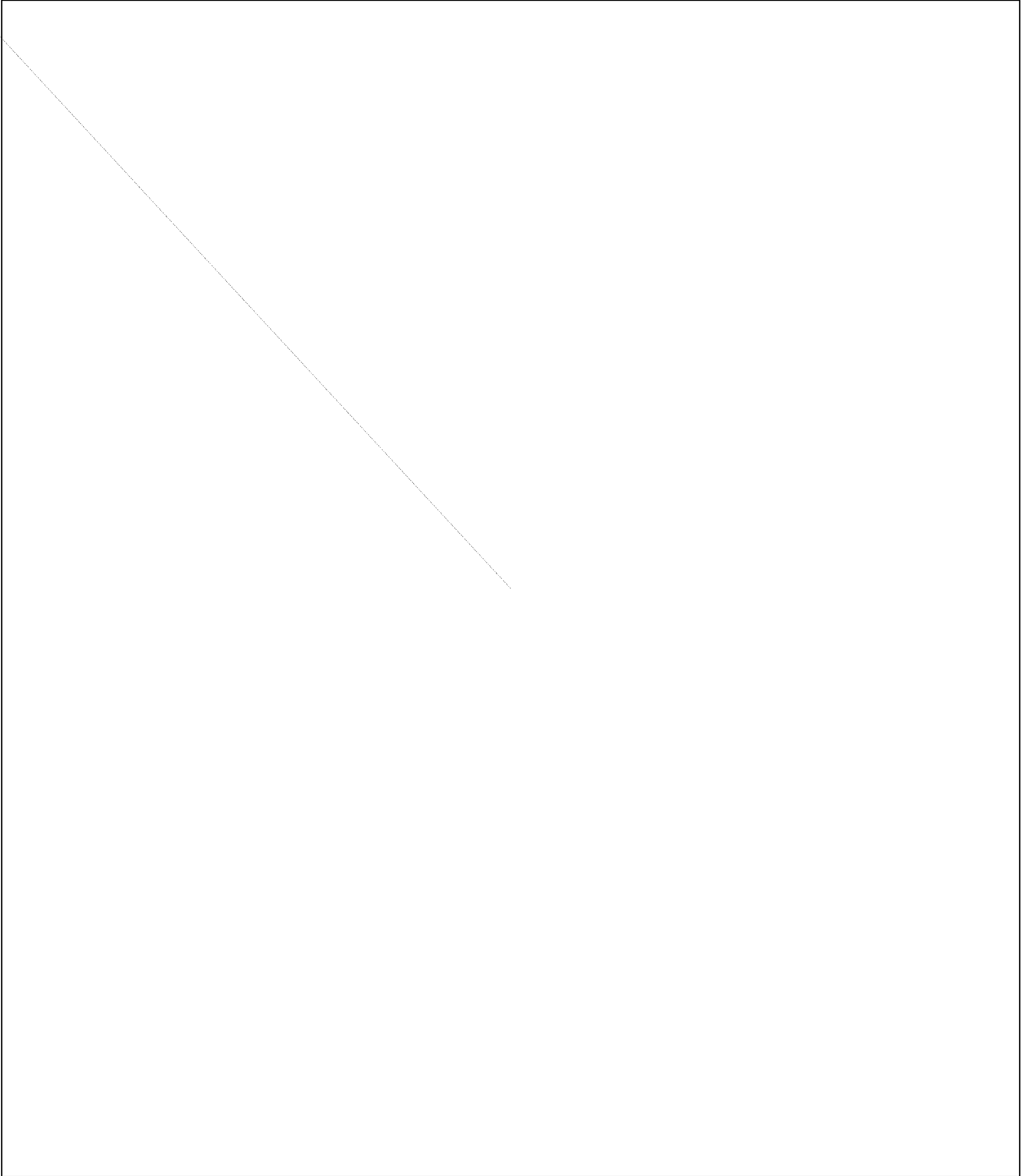

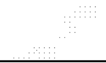

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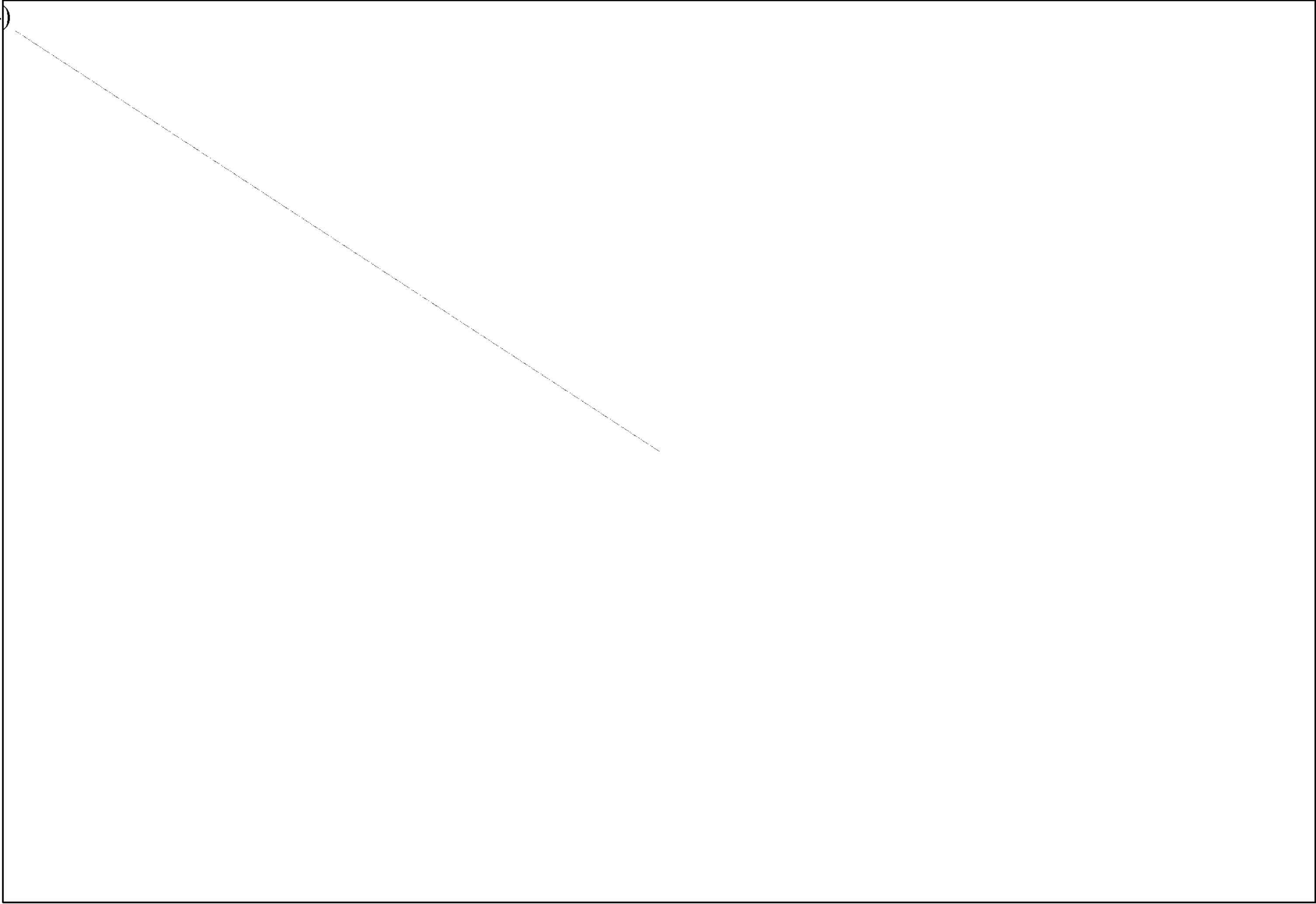

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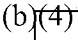

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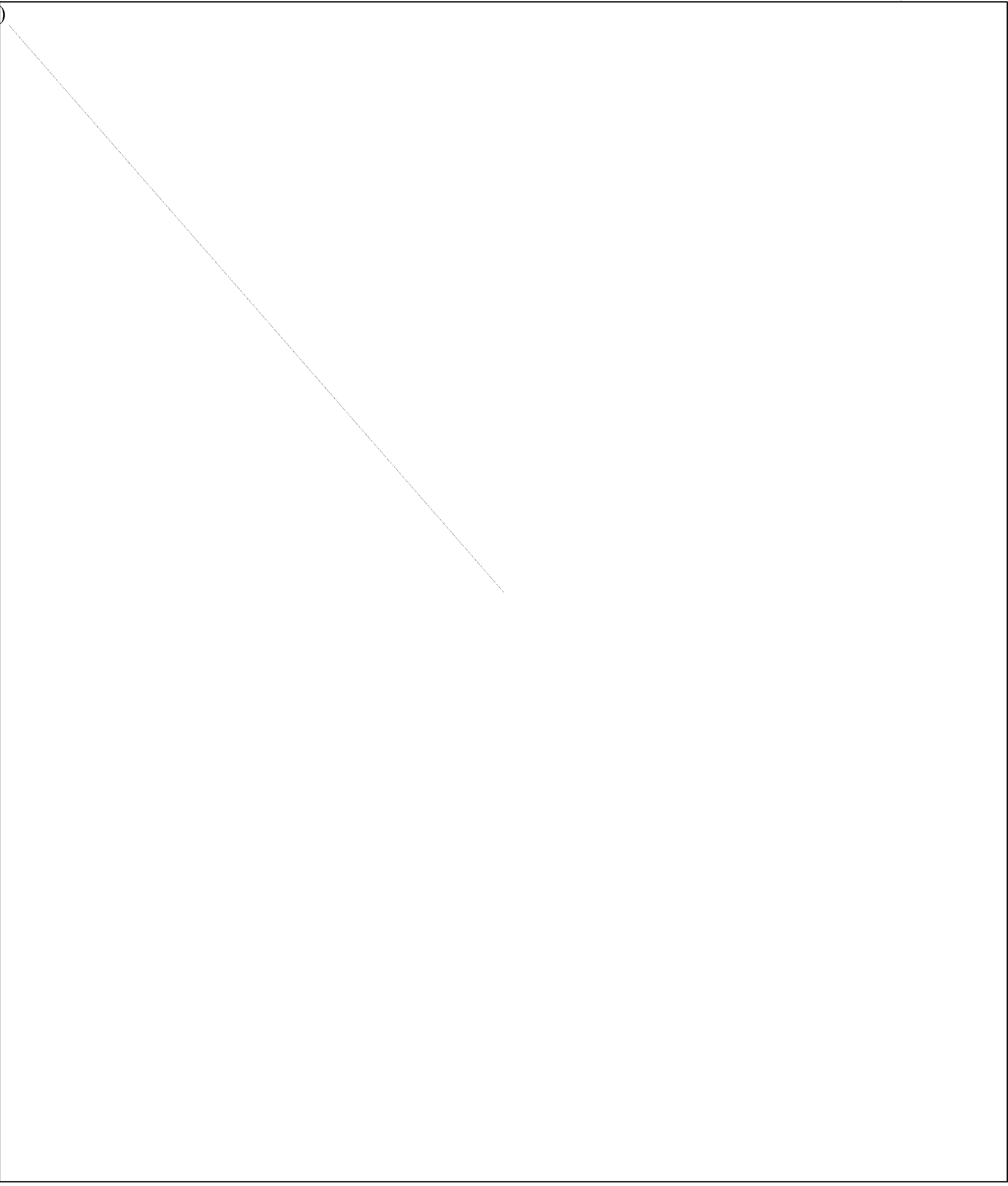

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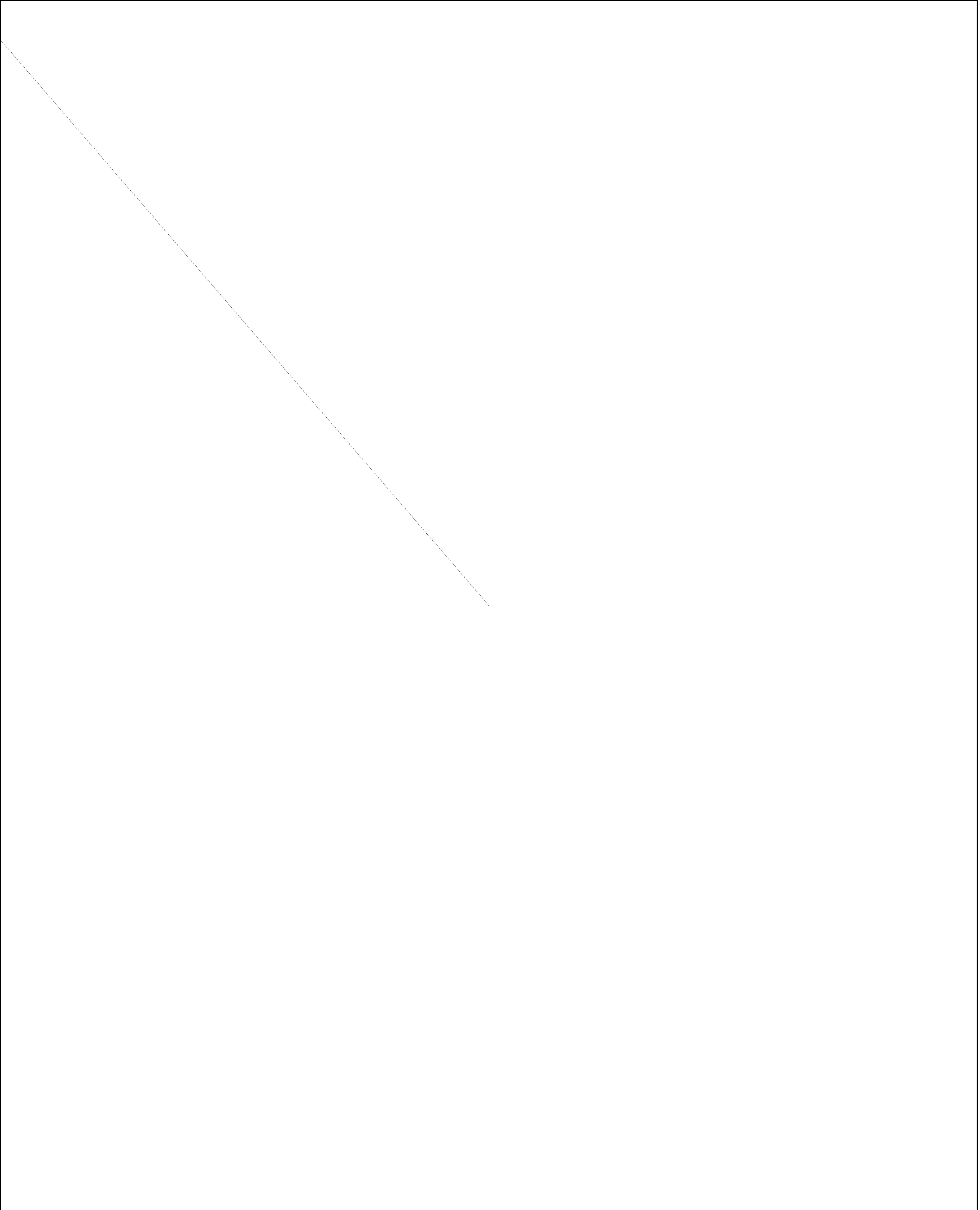

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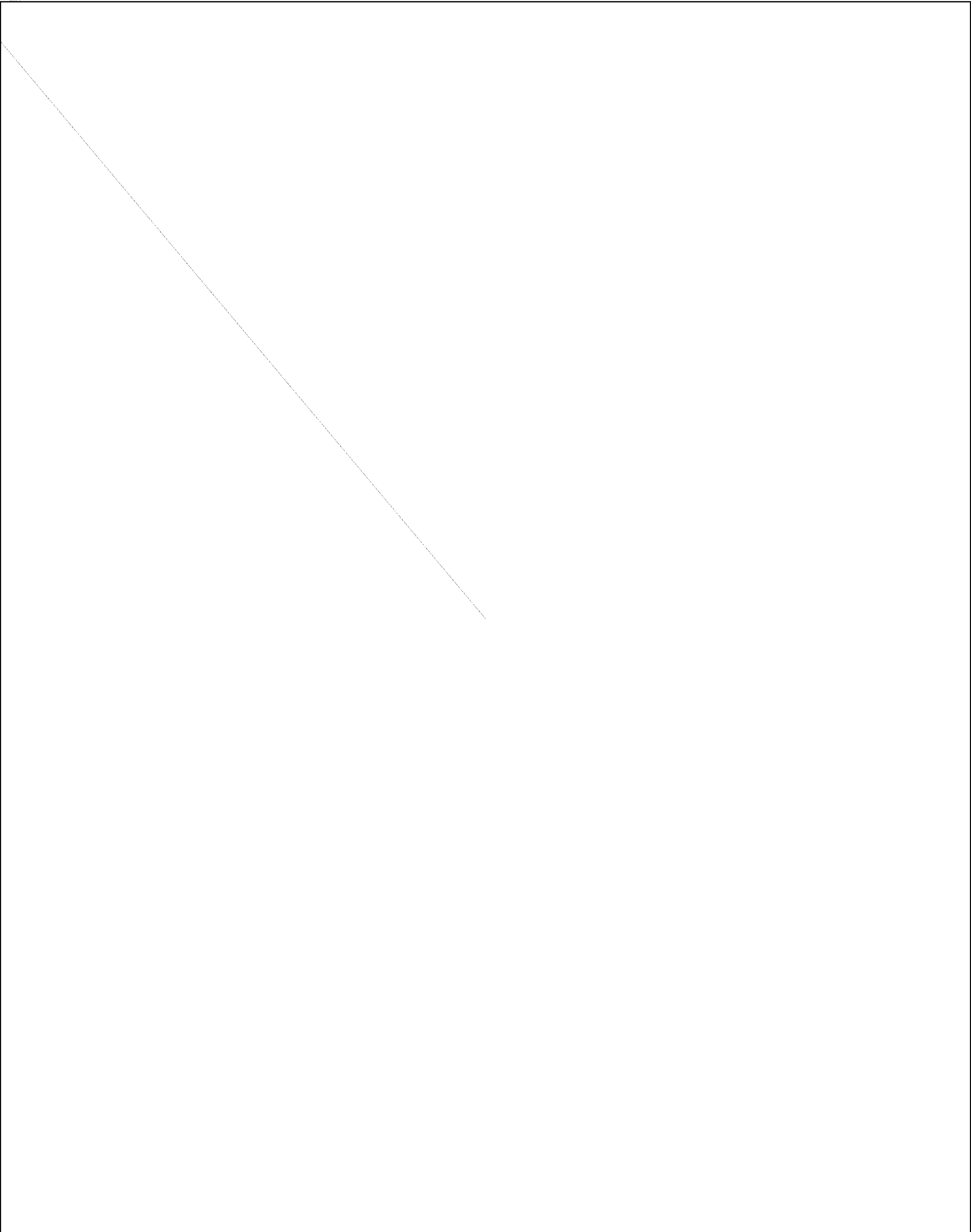

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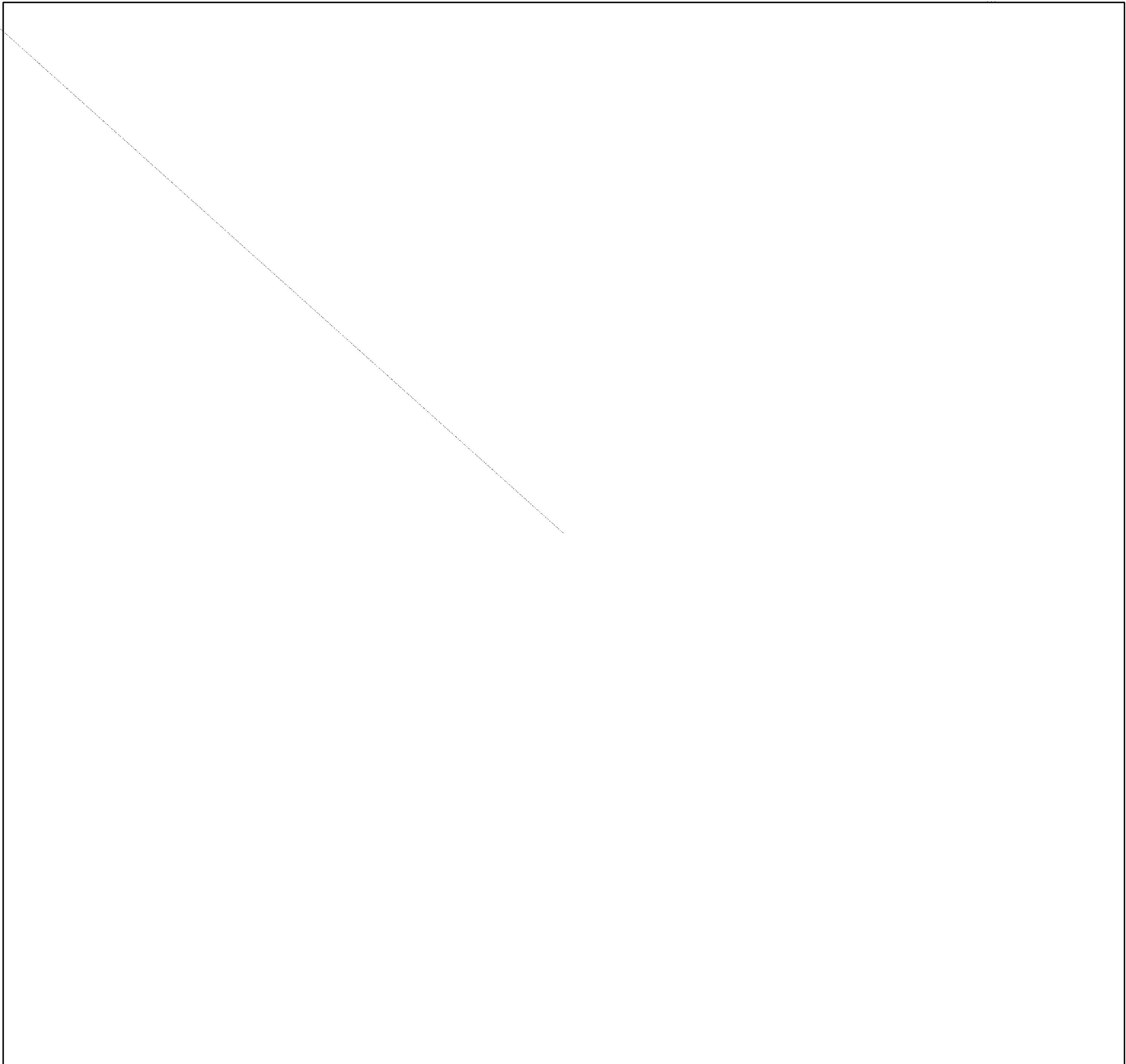

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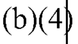

BAIN & COMPANY, INC.

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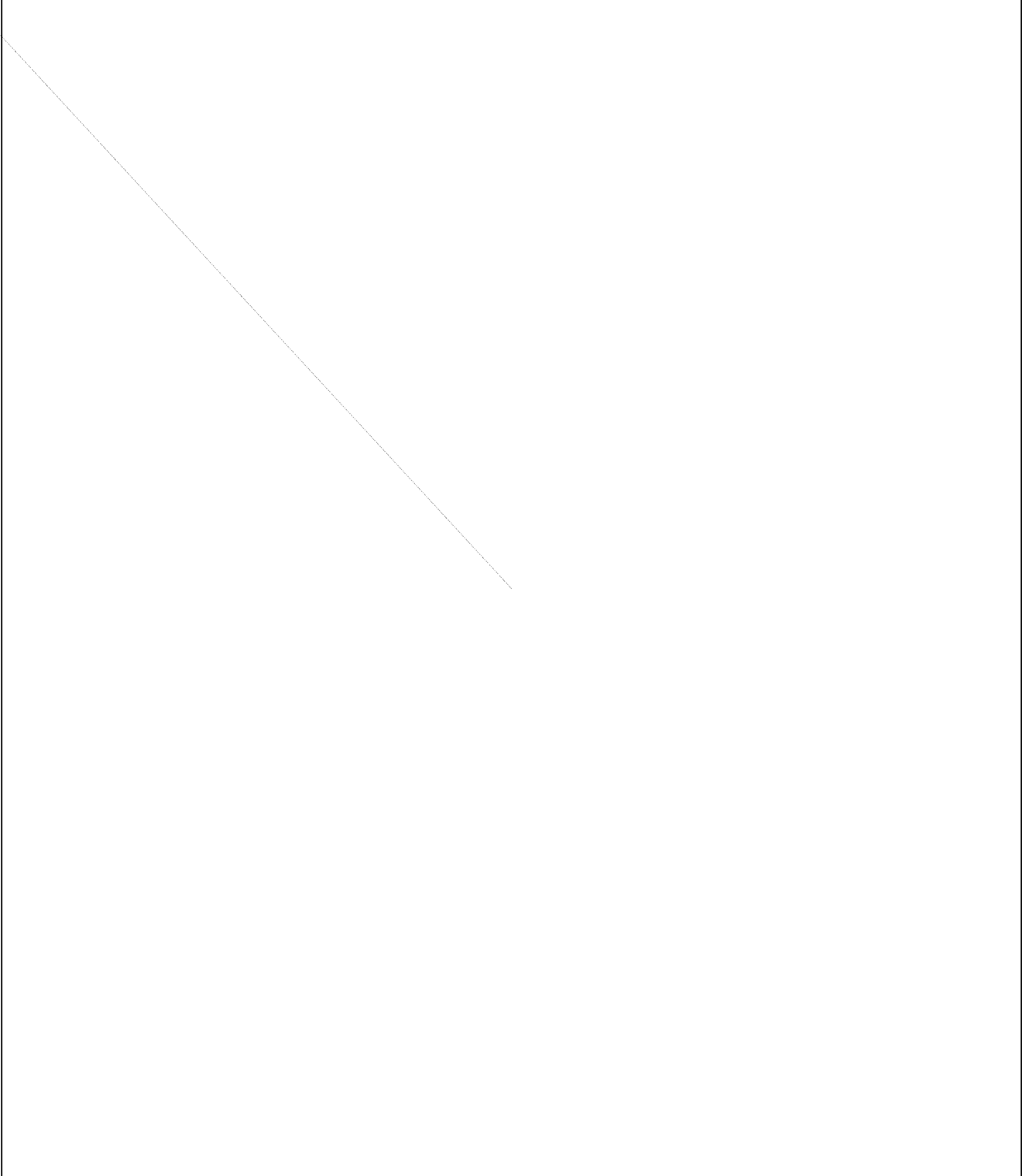

BAIN & COMPANY, INC.

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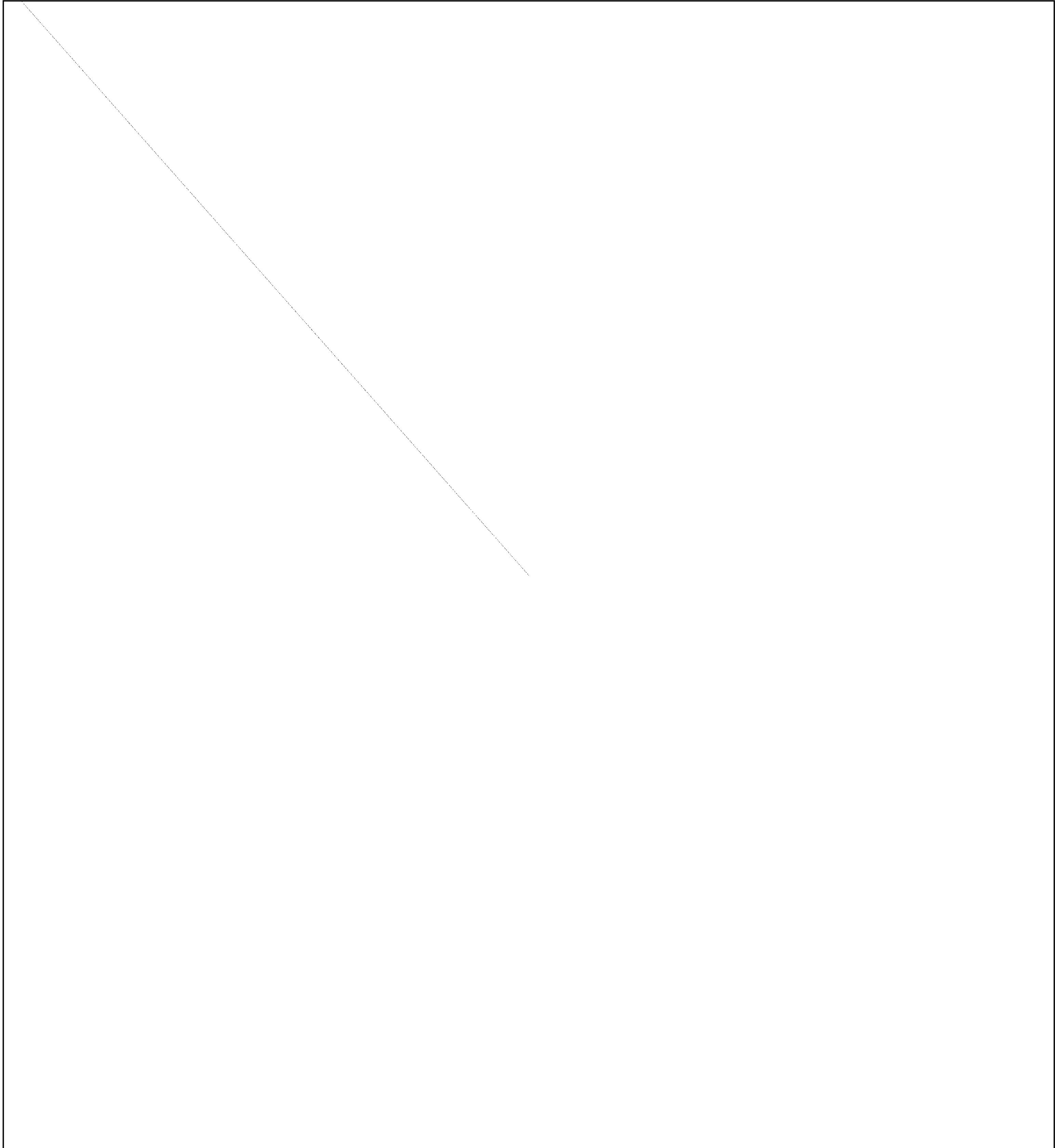

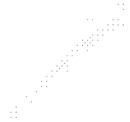

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EXHIBIT 1

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EXHIBIT 2

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R E C O L L M A N A G E M E N T C O R P O R A T I O N

MEMORANDUM

To: Brian Shelton, Asst. Vice President - Loan Recovery

From: William B. Maag, Asst. Vice President - Asset Marketing

(b)(6)

Date: August 19, 1992

Re: Discussion of the marketability of the FDIC's interest in Bain & Company, Inc. bank debt

Per your request, Asset Marketing has prepared a market assessment of the FDIC's interest in the loans advanced to Bain & Company, Inc. in an effort to assist you in your effort to establish the appropriate level at which to tender the FDIC's interest.

As you know, there is an established secondary market for nonperforming bank debt which provides a degree of liquidity that is not available on most commercial and industrial loan assets. Marketability of a loan asset is determined by several factors including, availability of public information about the company, the overall size of the loan facility, the number of participants in the bank group and the terms in the credit agreement governing assignability. In general, the market for bank debt in a large, nationally syndicated loan facility with multiple participants, free access to information and no constraints on assignability is more liquid than that for a smaller, non-syndicated loan to a private firm.

Actual loan pricing is determined by a different set of factors. In general, investors seeking to purchase distressed bank debt will endeavor to ascertain the enterprise value of the entity supporting the loan by discounting the entity's operating cash flows using an appropriate discount rate. This discounted cash flow analysis provides the investor with an understanding of the firm's ability to service the debt. In general, investors will arrive at their bid percentage by dividing the firm's enterprise value by the total amount of the senior debt outstanding.

The rate used to discount the cash flows is equivalent to the investor's weighted average cost of capital (WACC). The WACC is a combination of the investor's cost of debt and cost of equity weighted by the percentage of the transaction financed by each. Our experience suggests that distressed bank debt buyers require returns on equity of between 30% - 40% and debt service coverage ratios of 2.00 or higher. The factors that contribute to the

overall risk profile of an asset include the following:

- o the current financial performance of the company and the ability of the debtor to generate operating income going forward;
- o the current status of the loan;
- o the creditor's security interest in the event of default by the borrower;
- o liquidation value of the collateral; and
- o the inherent liquidity of the loan asset.

In our opinion, the marketability of this loan is severely limited for the following reasons:

- o the FDIC's $30.6 million interest in the [redacted] (b)(4) of senior debt outstanding to Bain is a relatively small facility;
- o the bank group is small, consisting of only five participants;
- o Bain is a private company so no public information is available to potential buyers of our interest;
- o the credit agreement governing the bank group places significant restrictions on a participant's right to assign its interest;
- o Bain is currently unable to generate sufficient cash on an operating basis to service its debt;
- o based on current financials the company is losing approximately [redacted] (b)(4) year on an operating basis; and
- o most distressed bank debt buyers base their decisions to buy using a "going concern" scenario.

Moreover, according to our contacts at [redacted] (b)(4) even if Bain was generating positive operating cash flow investors would be wary of committing capital because of the significant risks associated with investing in a service organization. These risks pertain to the fact that in service organizations franchise value depends upon the knowledge and expertise of the people who work there. Since Bain's employees are not contractually bound, they could just as easily leave the company at the first sign of trouble, taking Bain's value as a franchise with them. Therefore, to the typical secondary market buyer, Bain has no value as a going concern. (see Exhibit A)

However, Bain may have limited value under a liquidation scenario. According to the credit agreement our portion of the senior debt is partially secured by foreign accounts receivable and the fixed assets of the company, both of which we share on a pro-rata basis with the rest of the bank group. Our analysis shows that the present value of our portion of the secured claim against Bain's assets represents about [redacted] of the current legal principal outstanding. (see Exhibit B)

(b)(4)

Therefore, it is our determination that the highest price the secondary market would be willing to pay RECOLL for the FDIC's interest in Bain is approximately 8% - 12% of the current legal principal outstanding. If you have any further questions regarding this analysis or if I can be of any more help please do not hesitate to call me. I can be reached at X32308. Thank you.

c.c. J. K. Greenland
W. Hill

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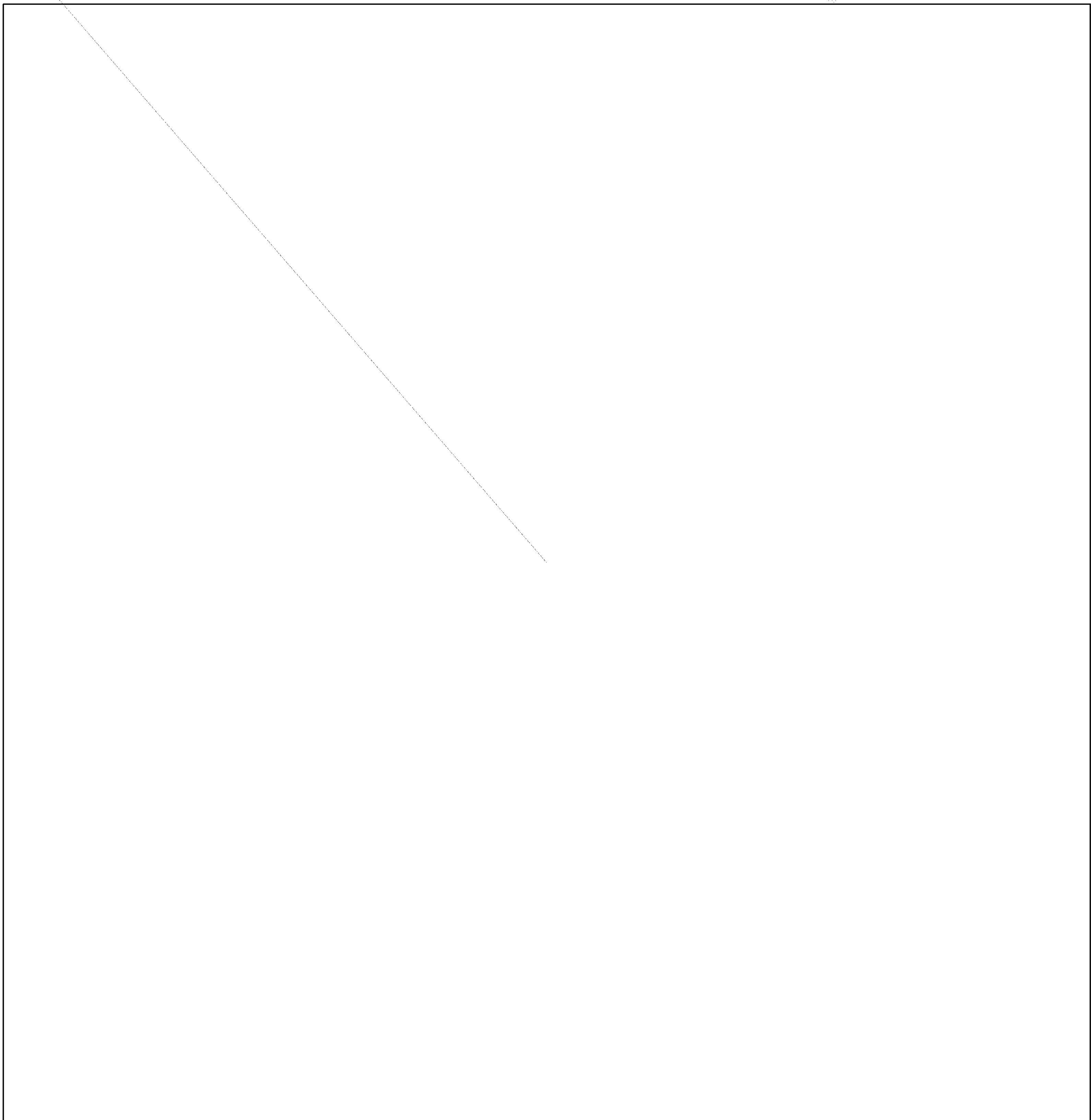
Exhibit A



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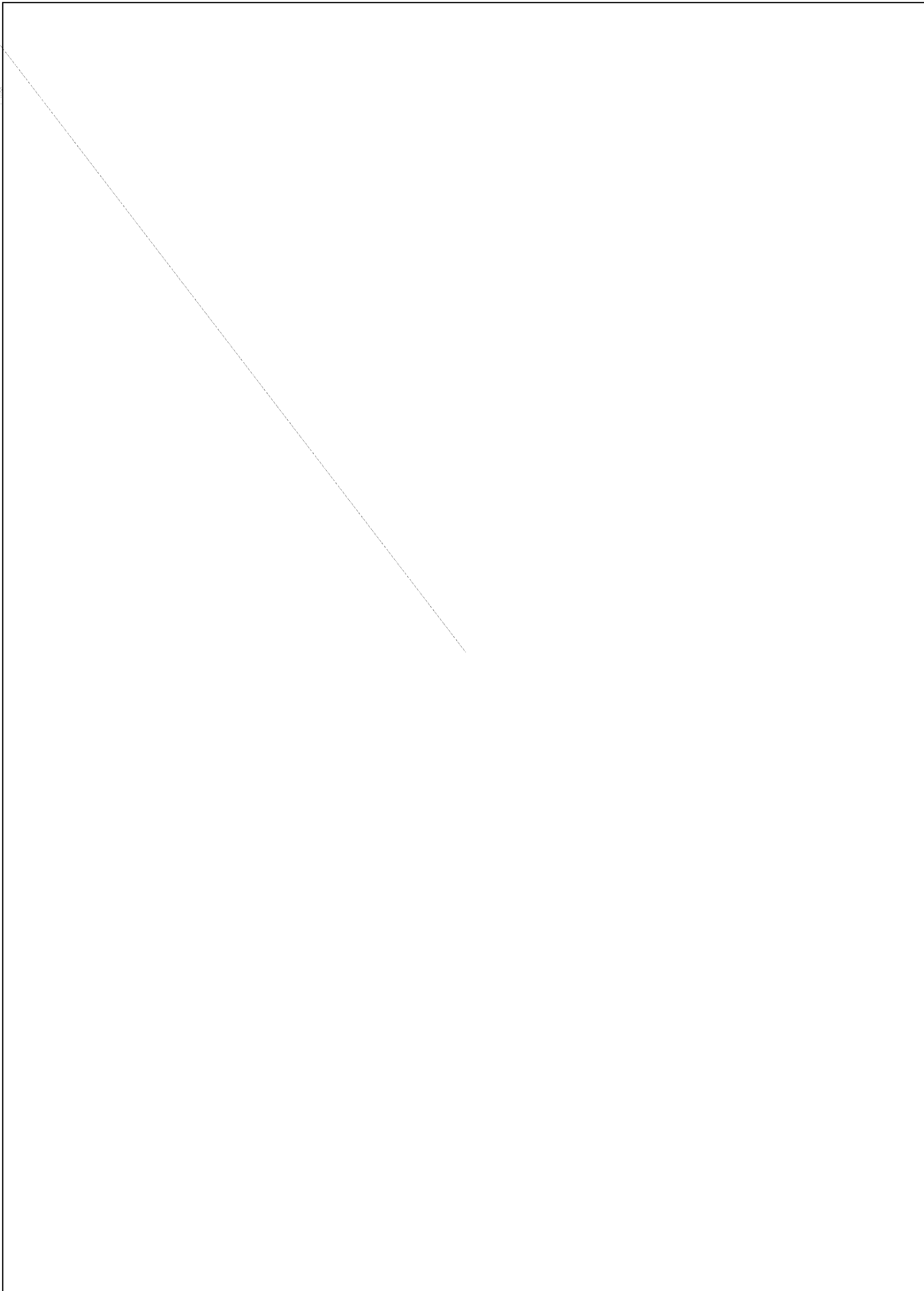

Exhibit B

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EXHIBIT 4

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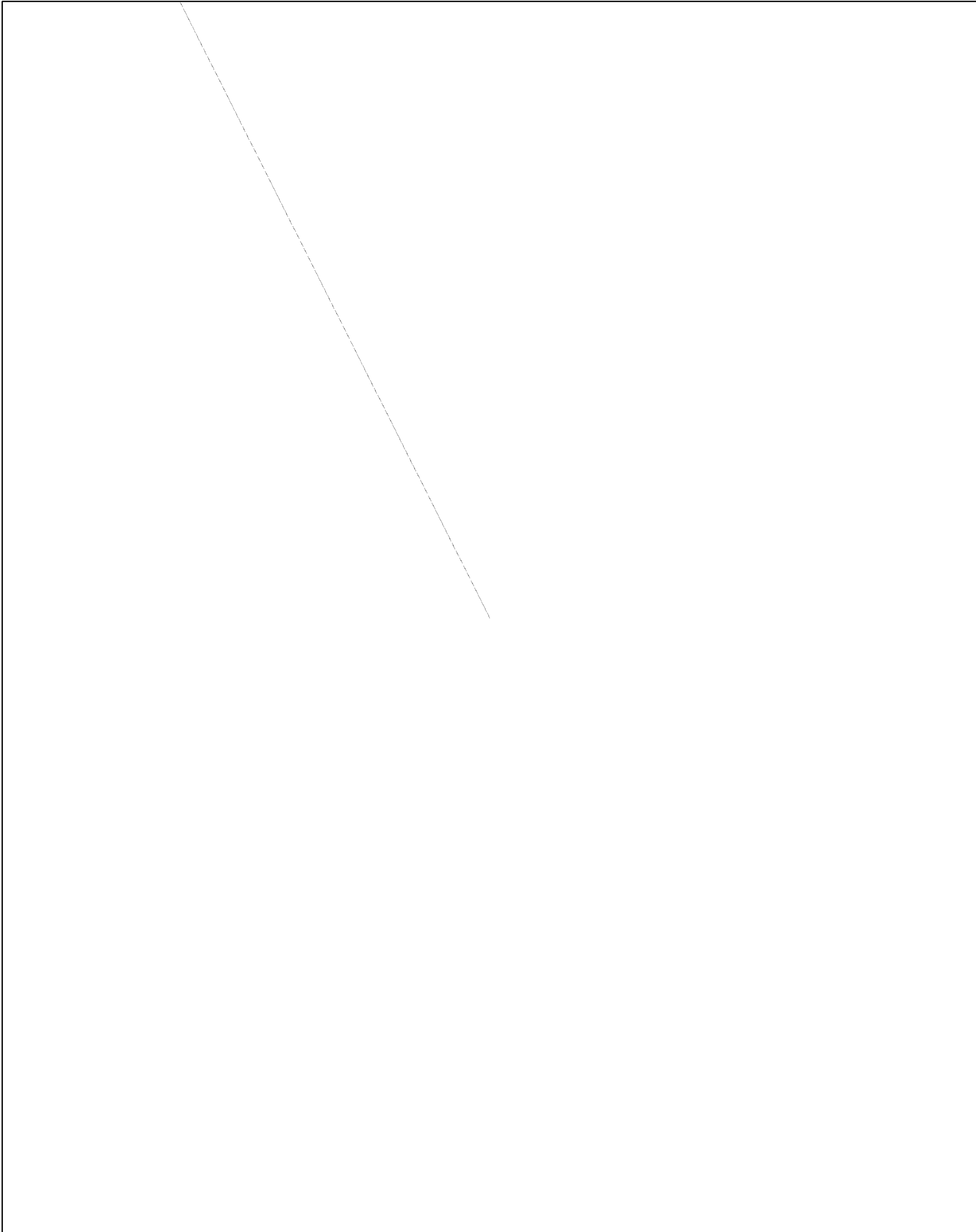

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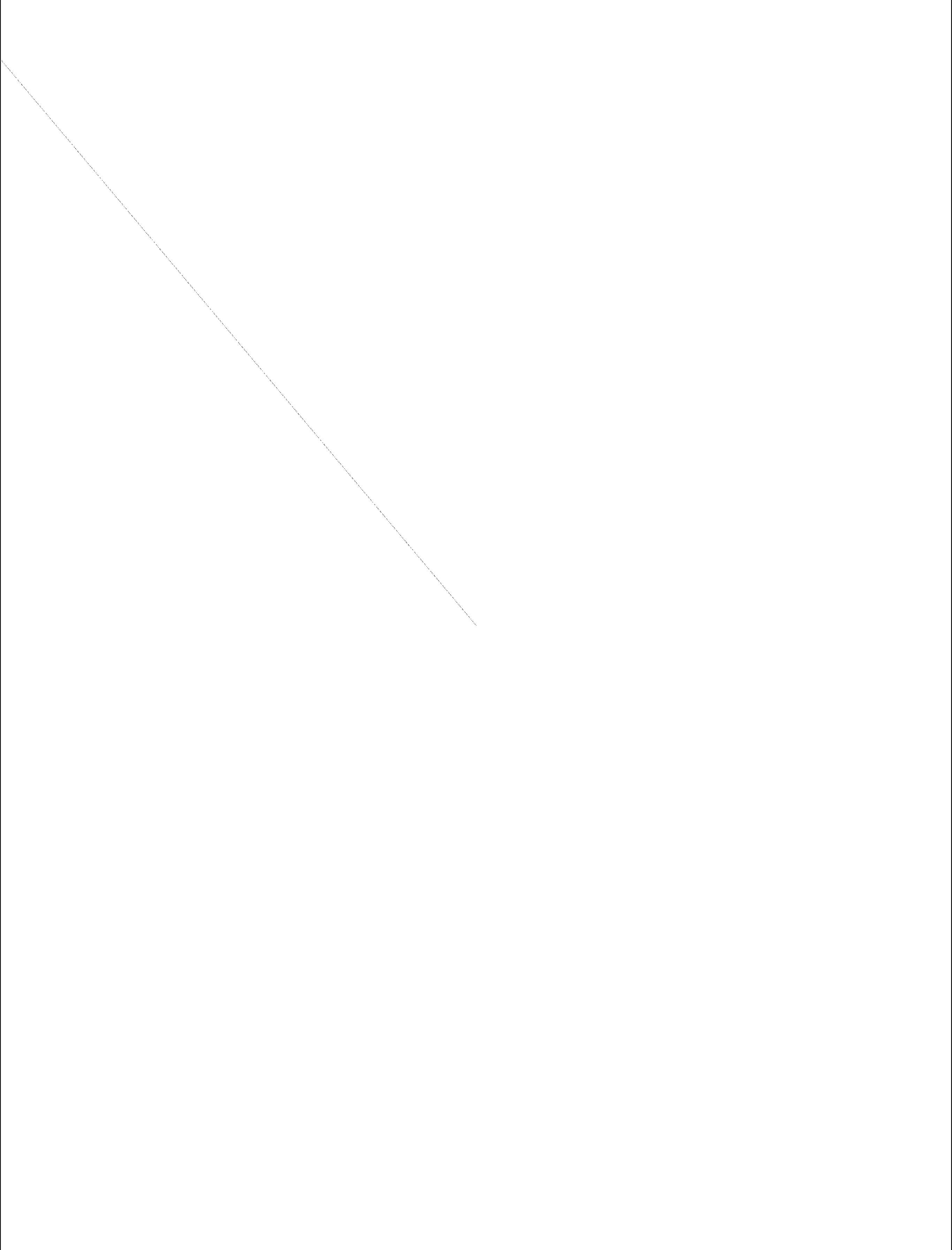
EXHIBIT 6



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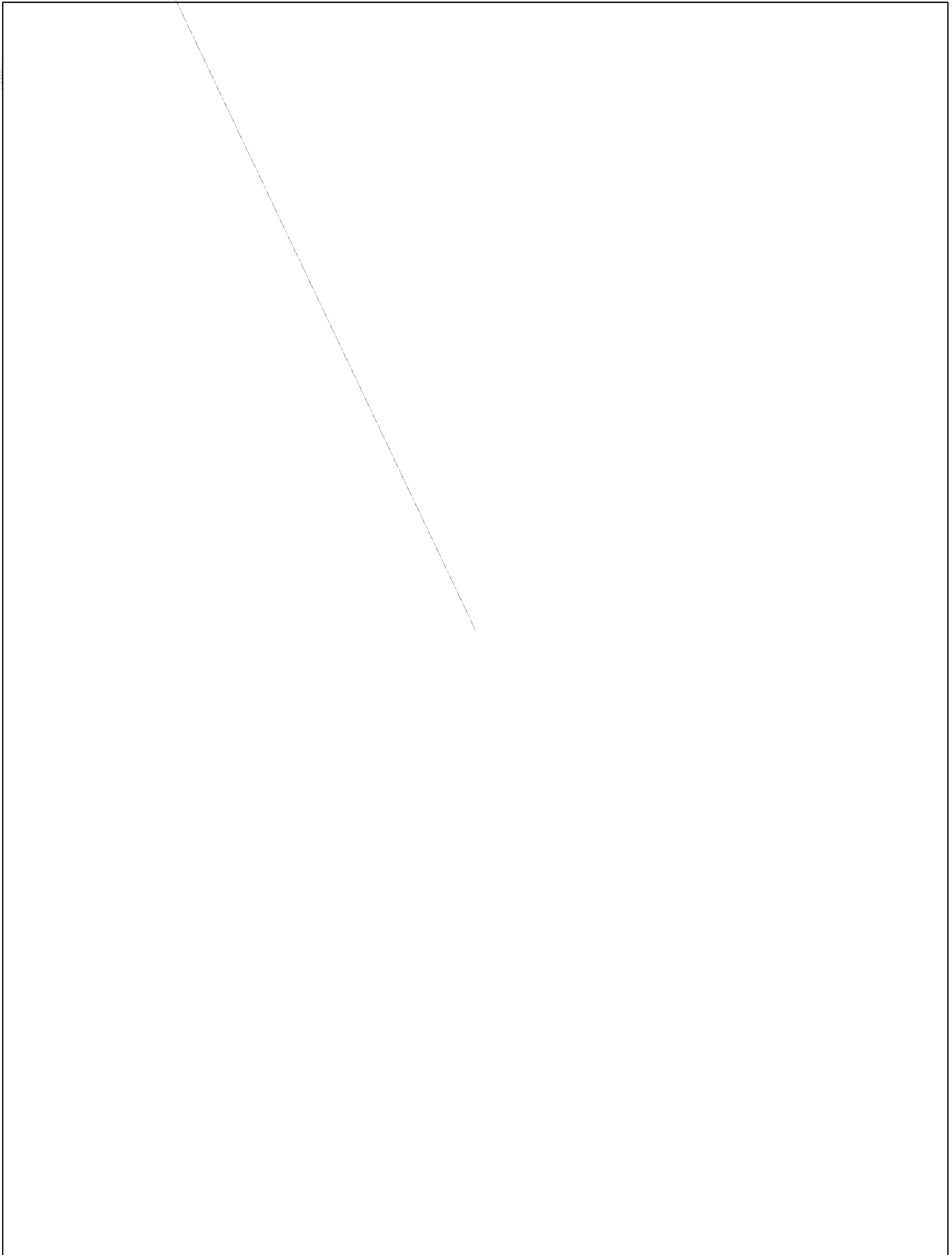

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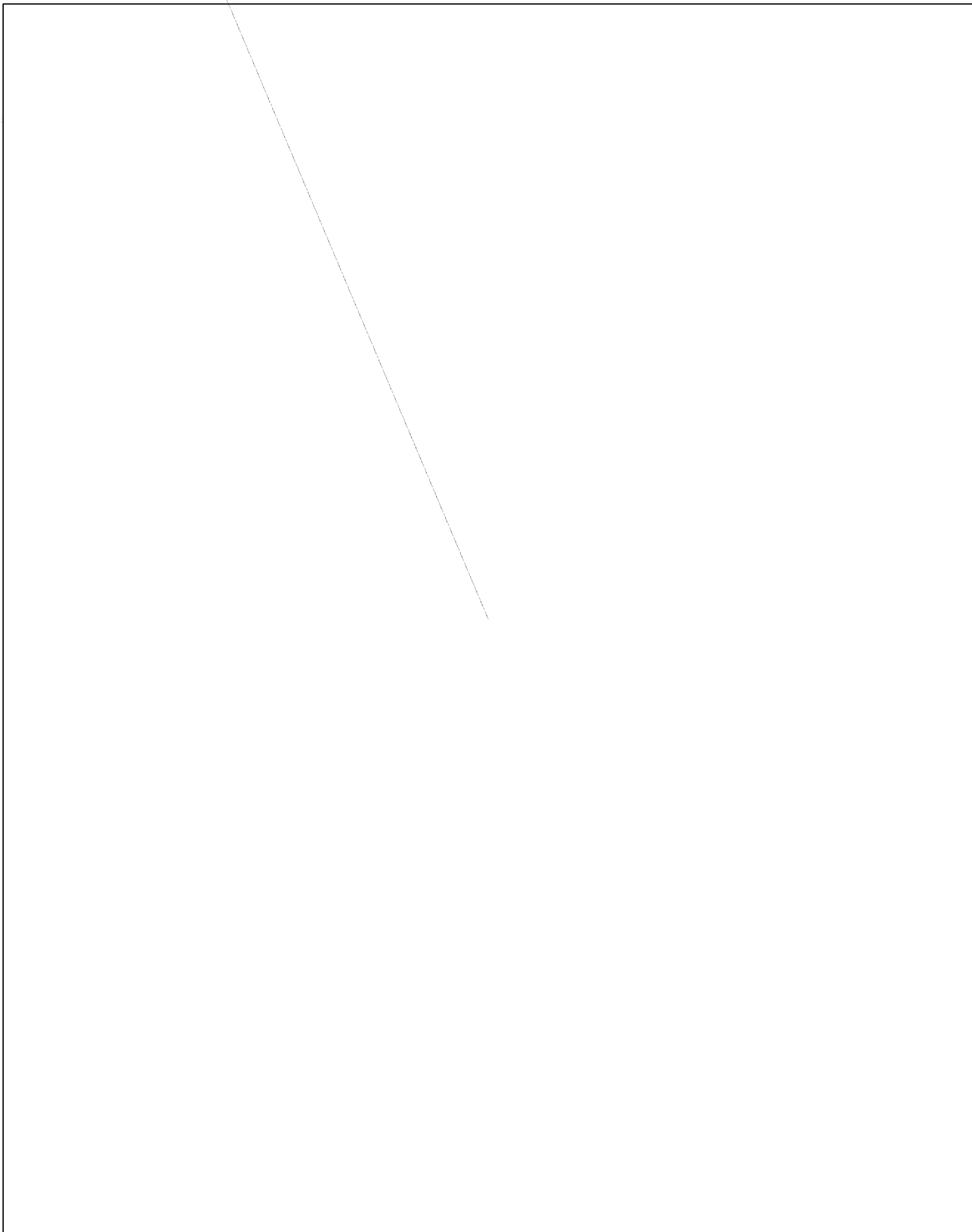

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EXHIBIT 10

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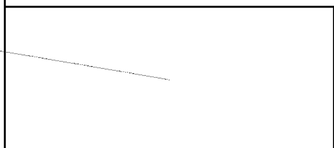

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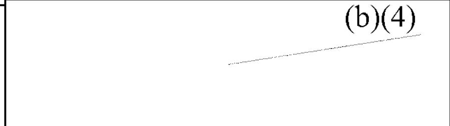

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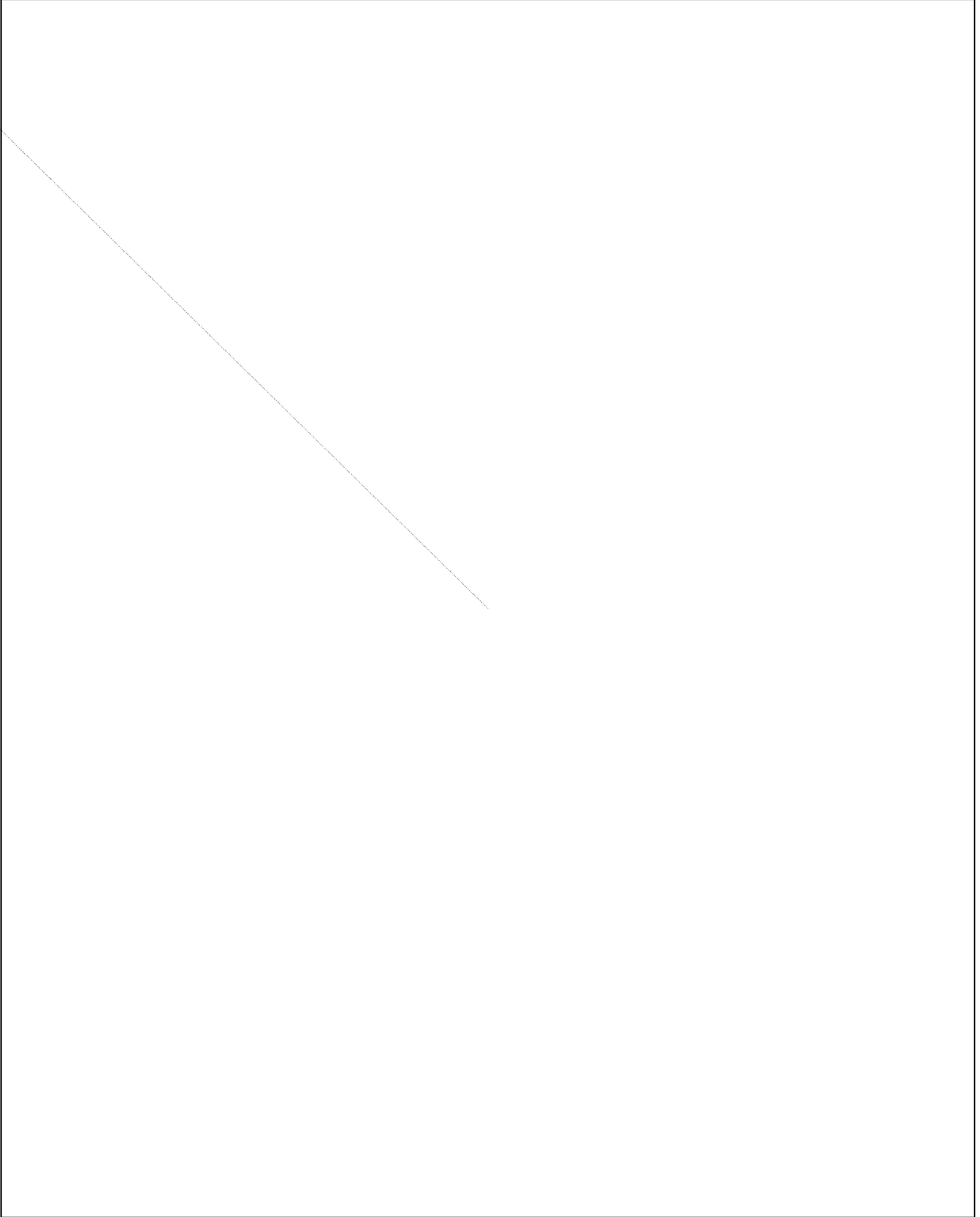

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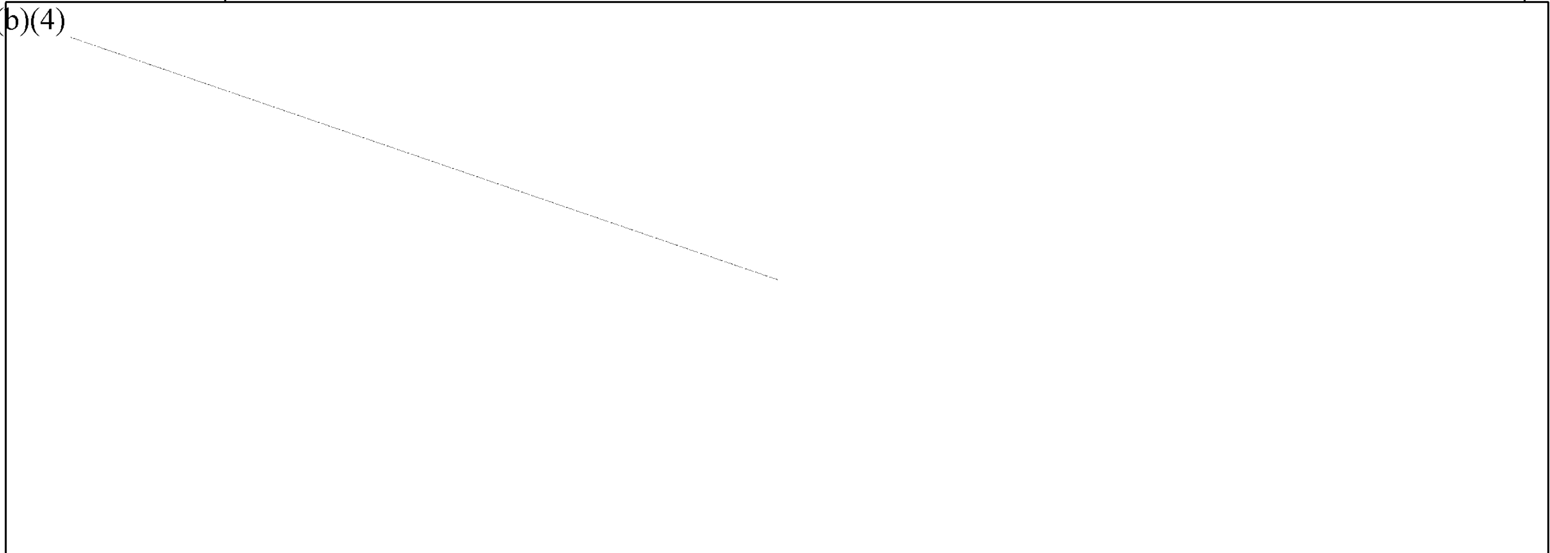

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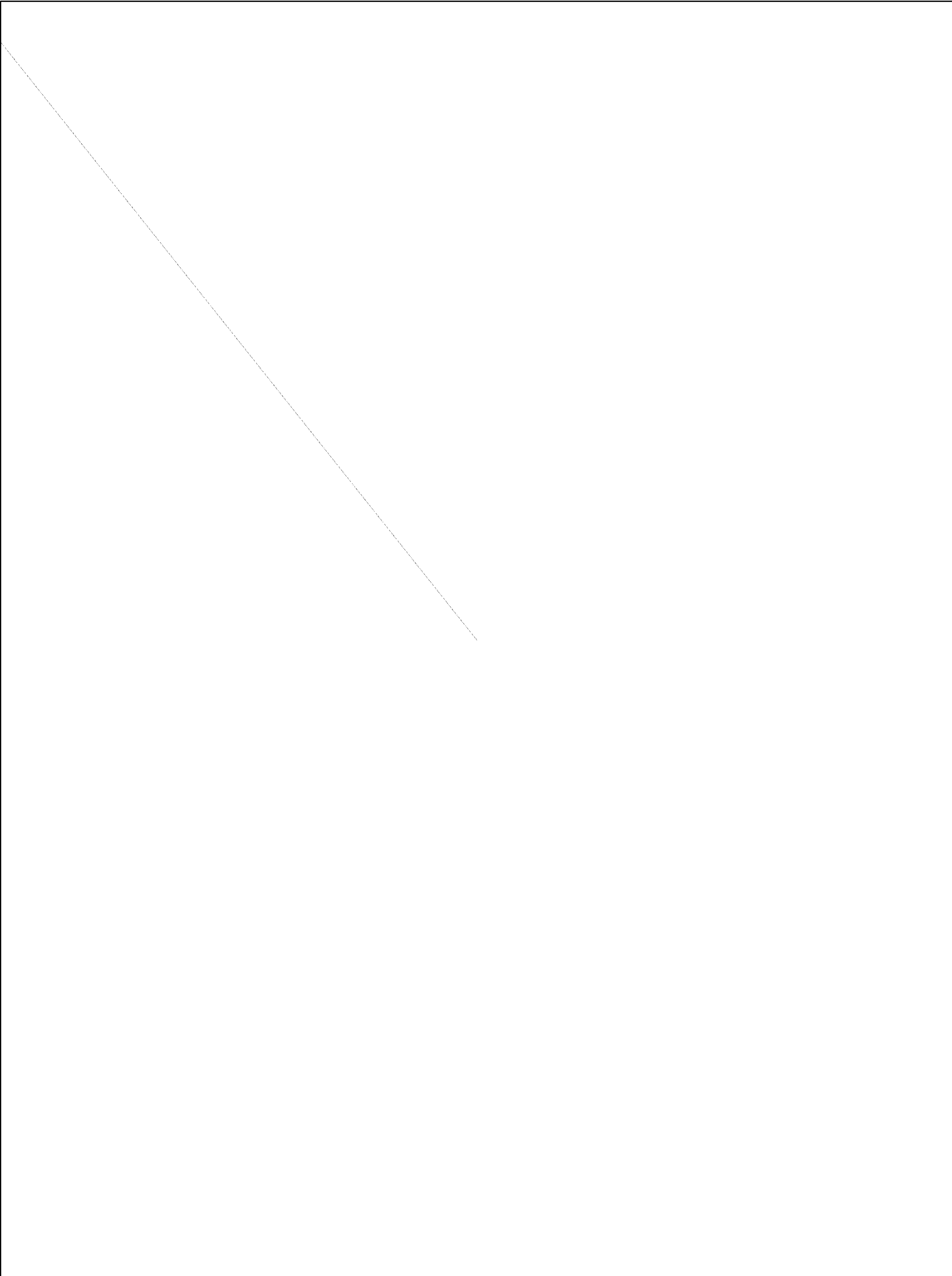

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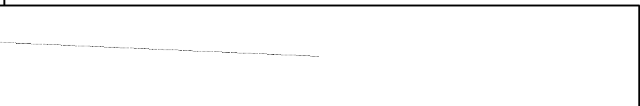

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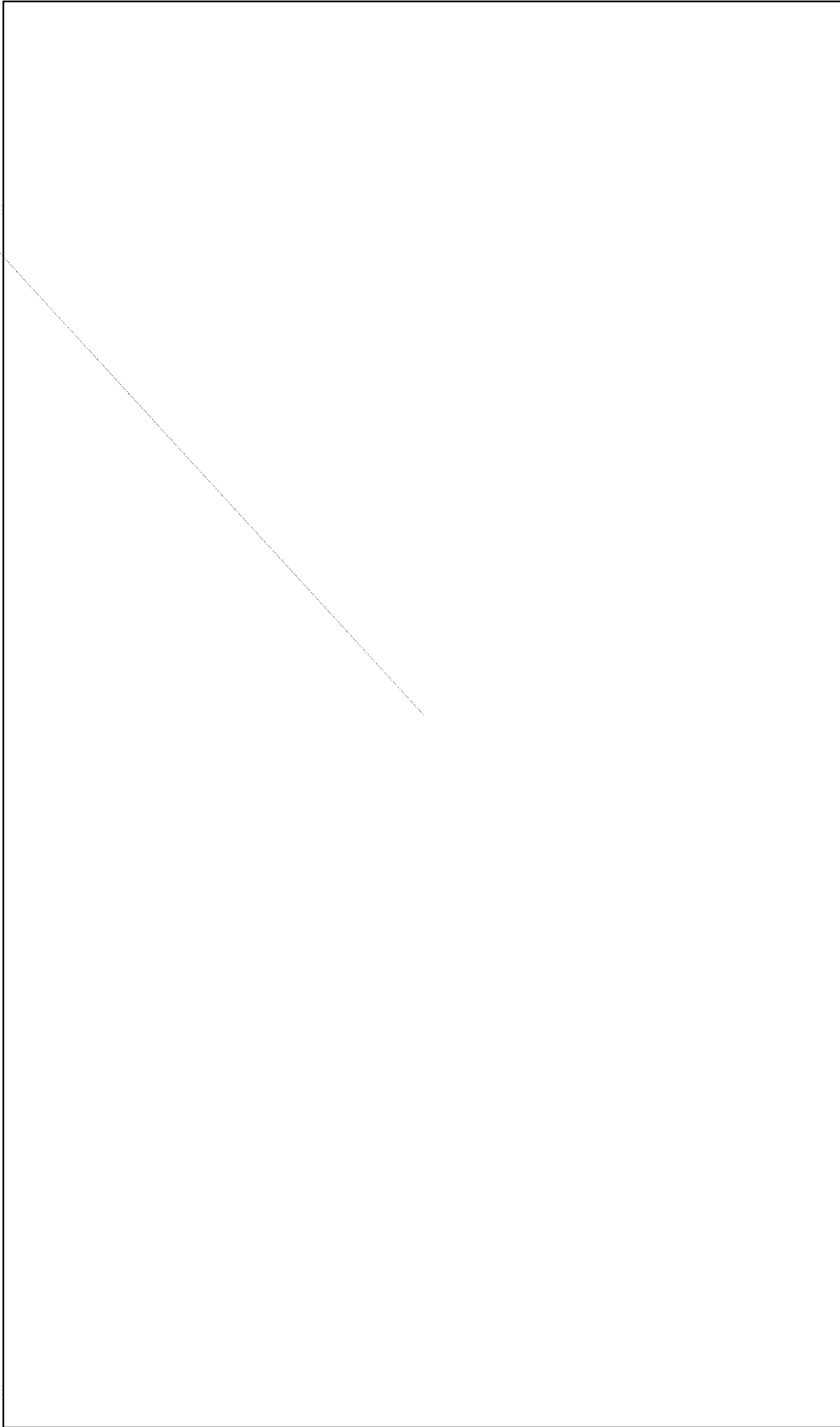

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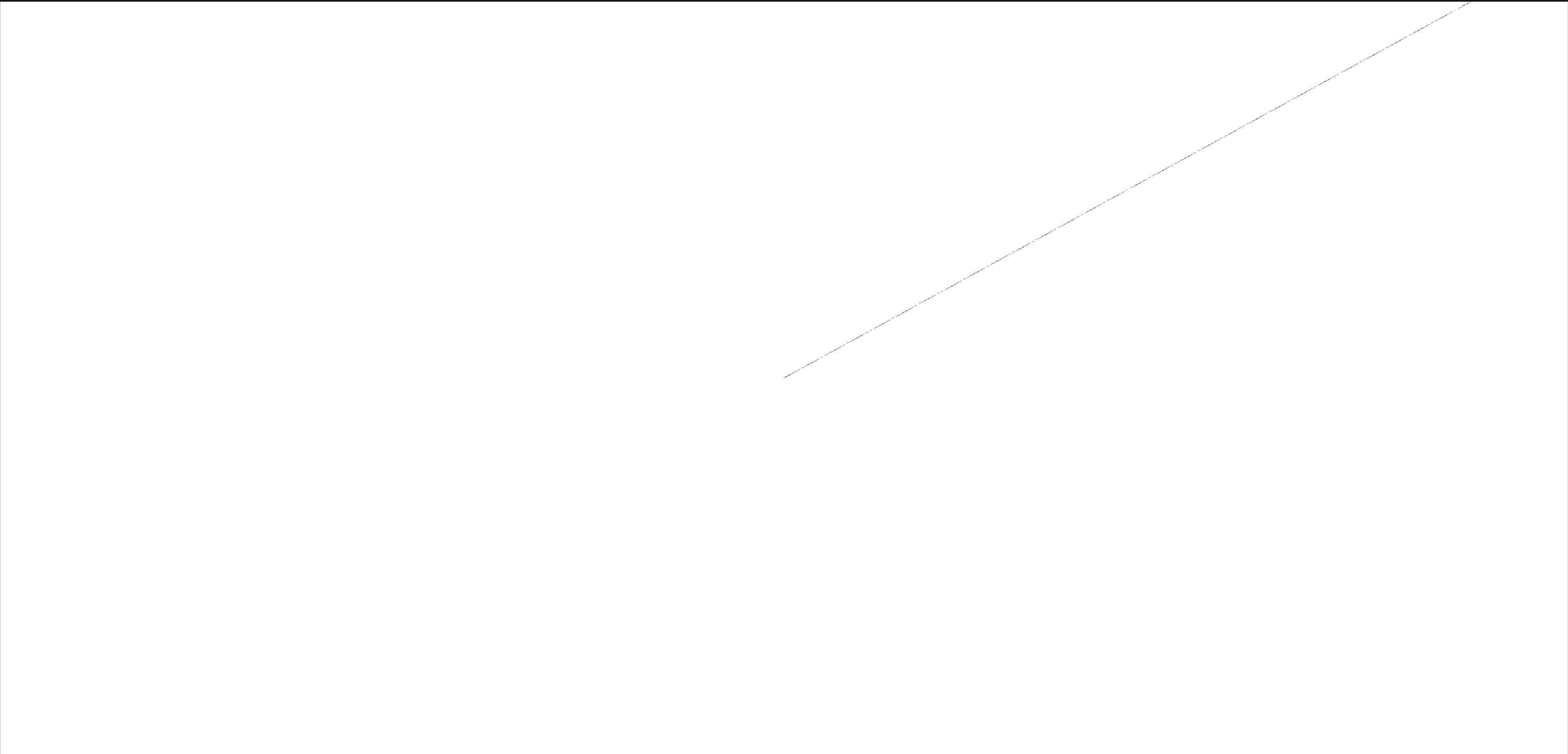

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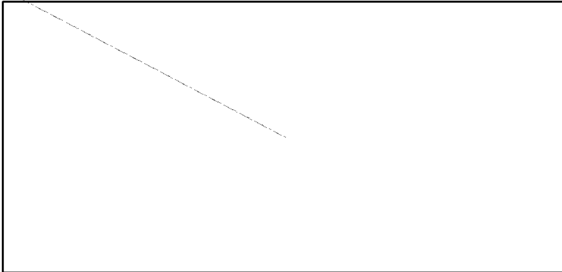

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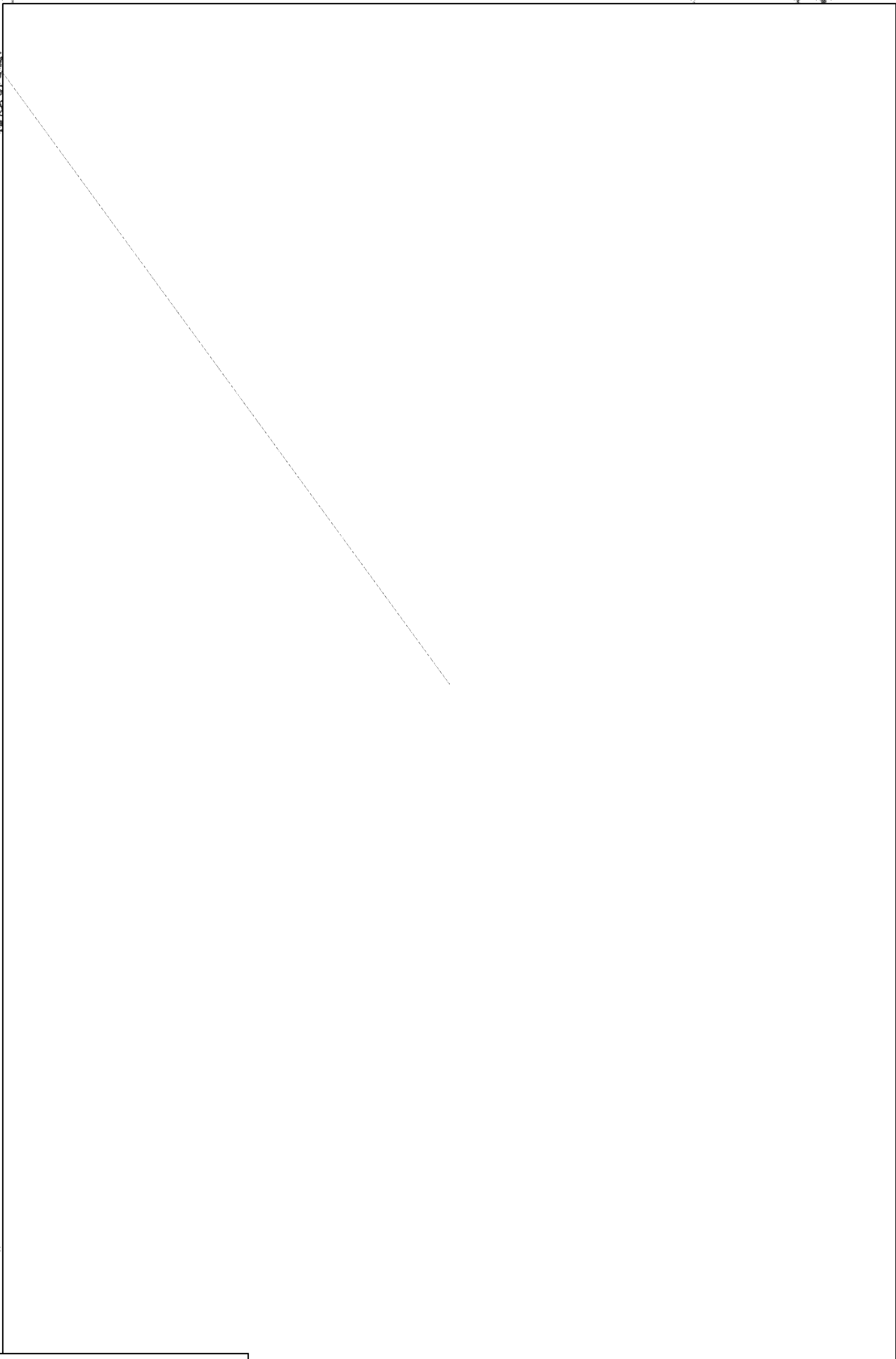

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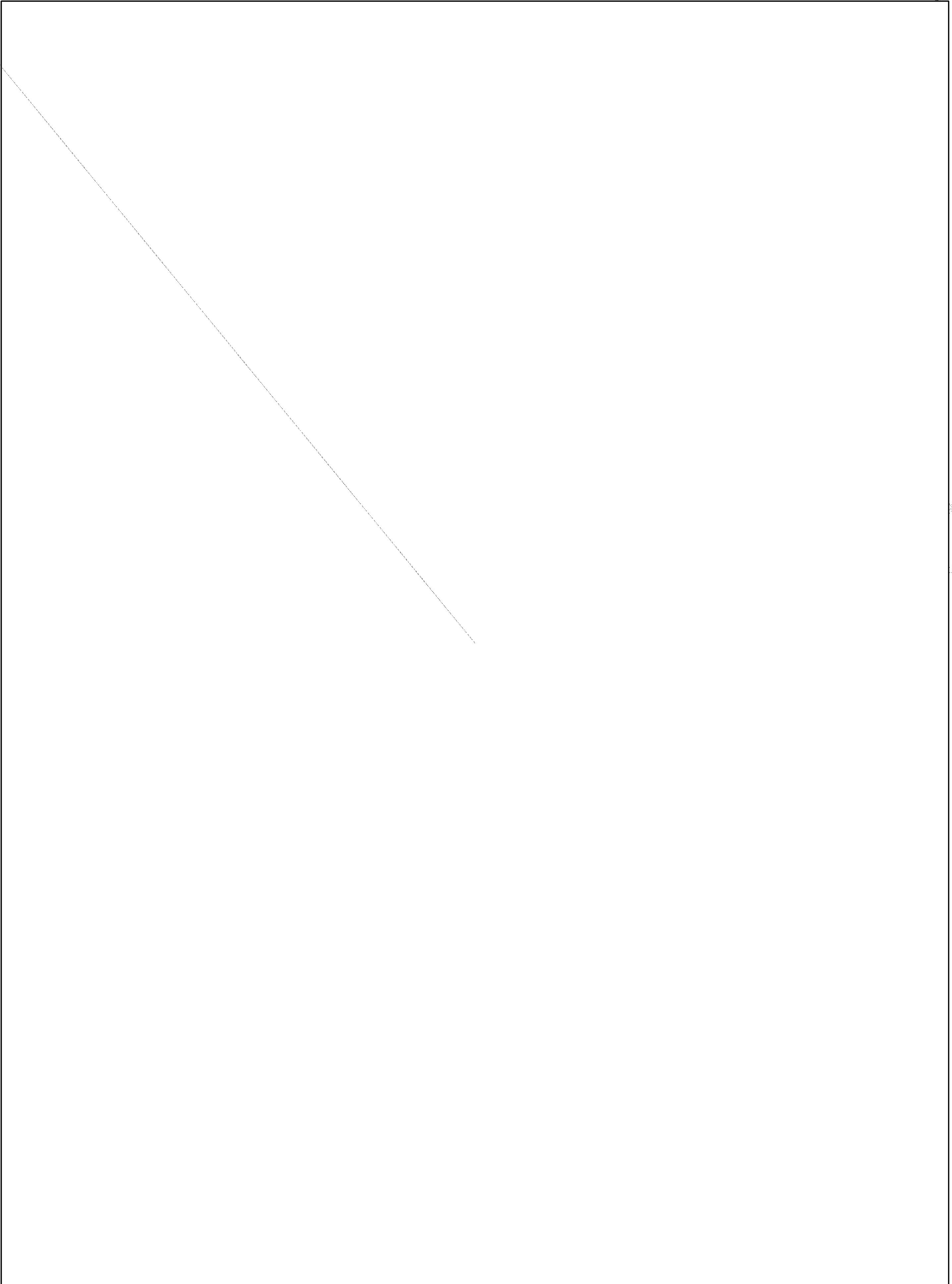

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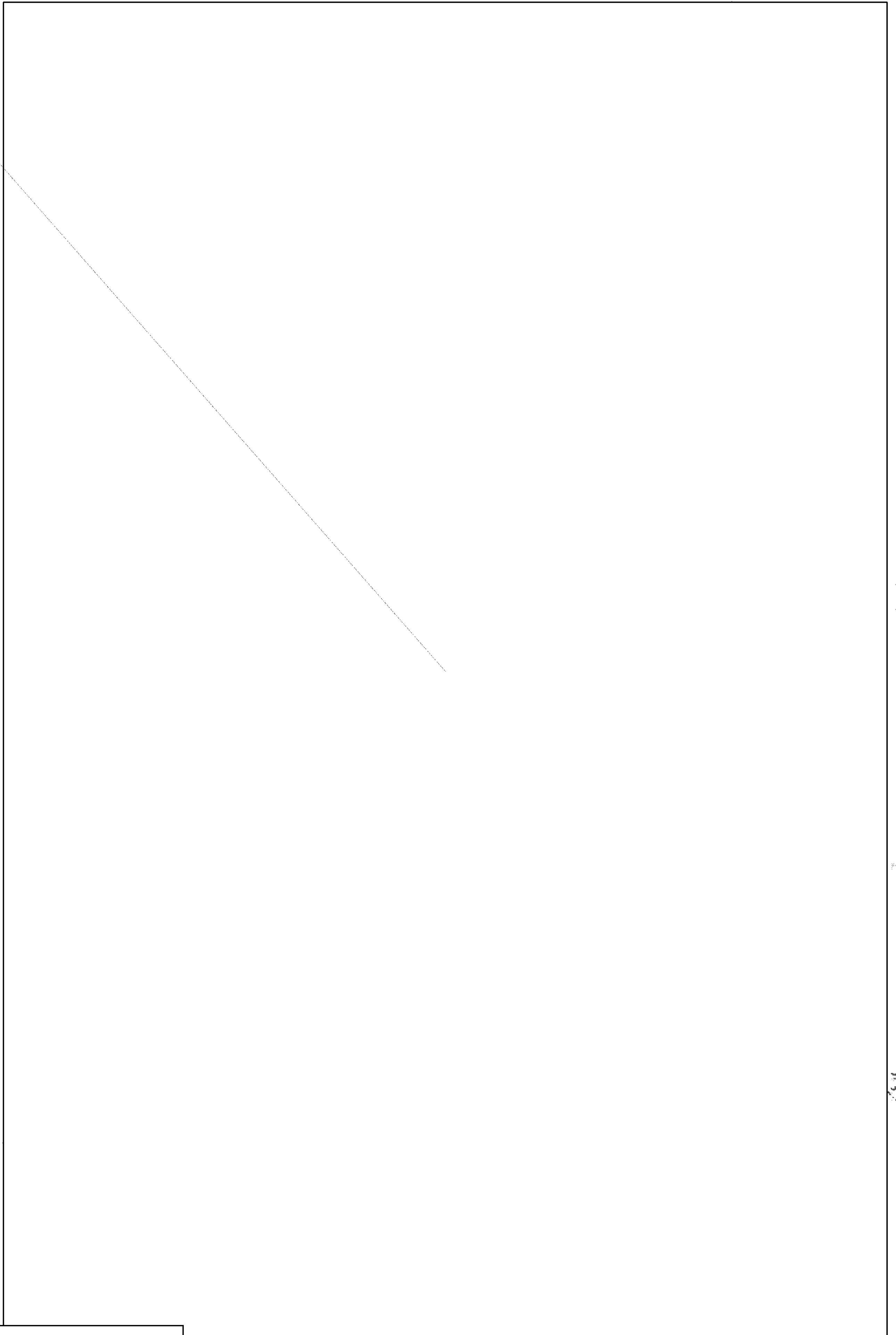

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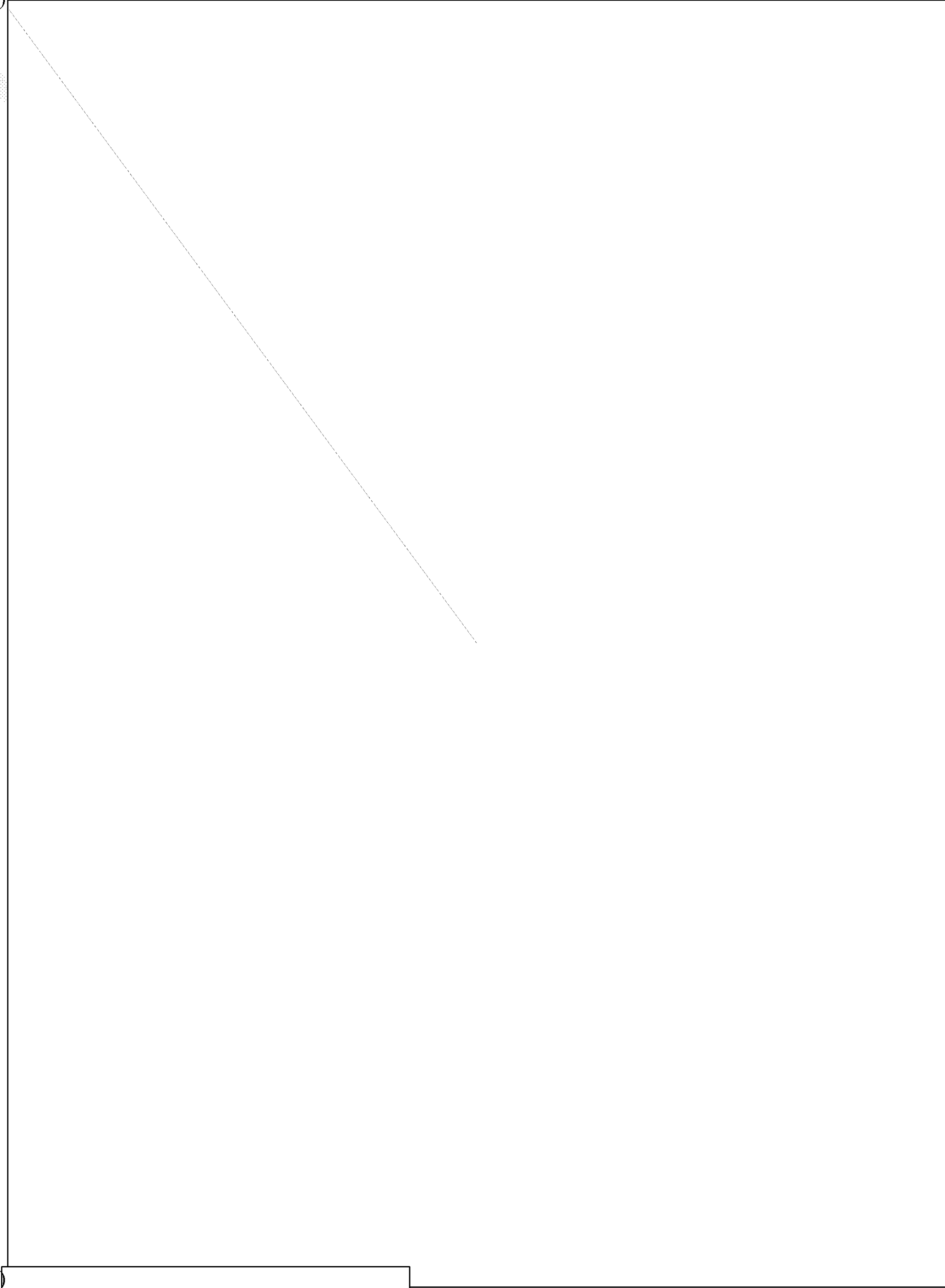

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EXHIBIT 12 (Cont.)

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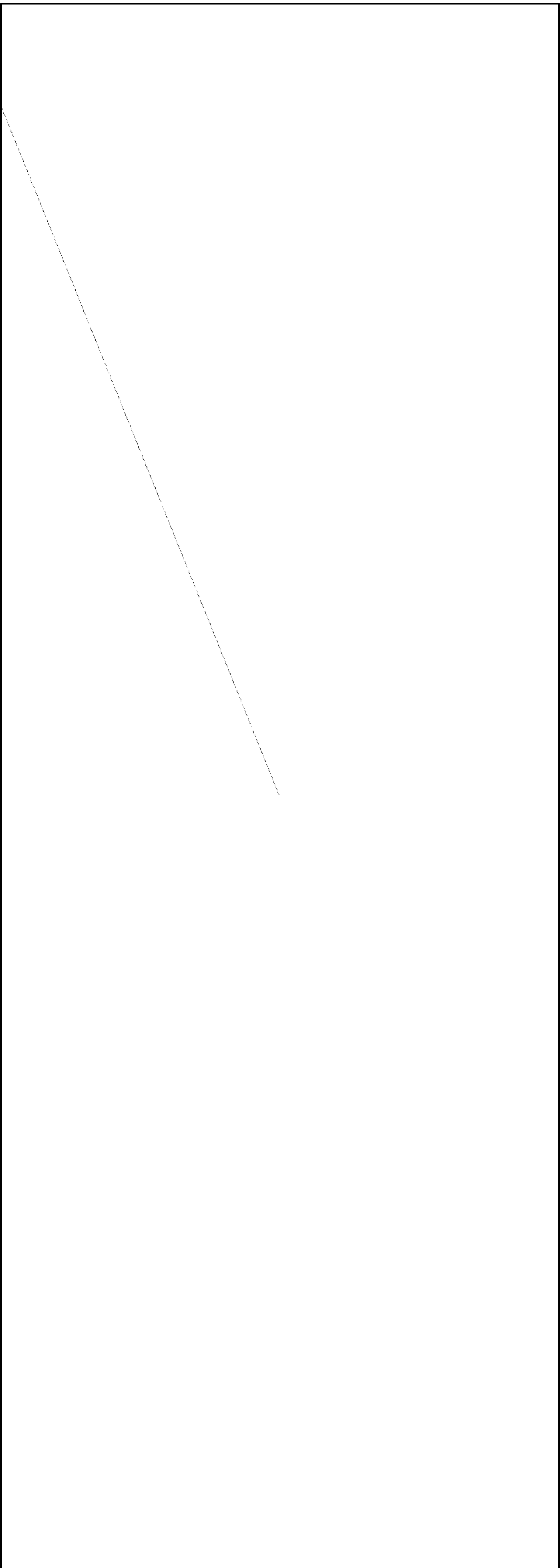

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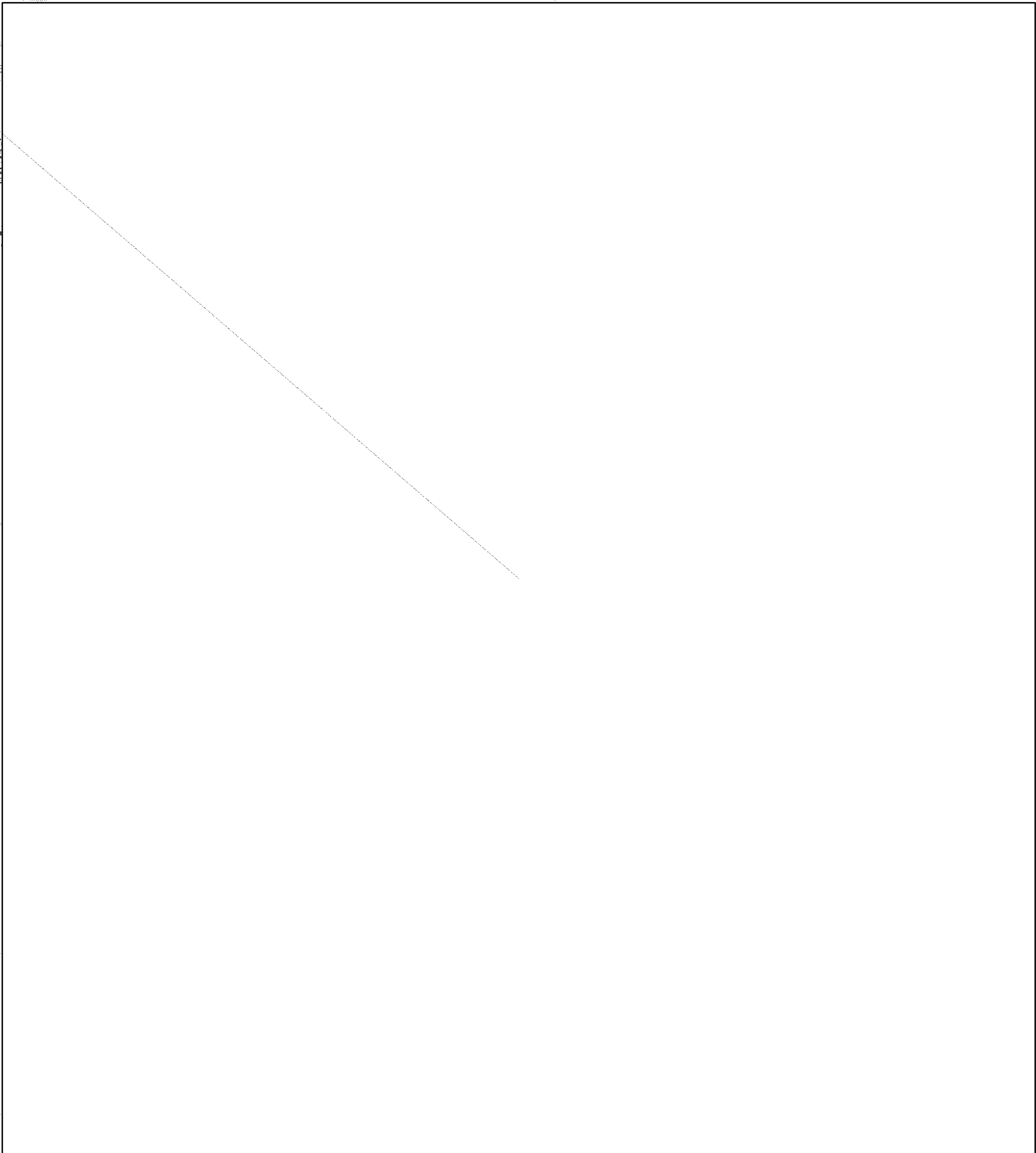

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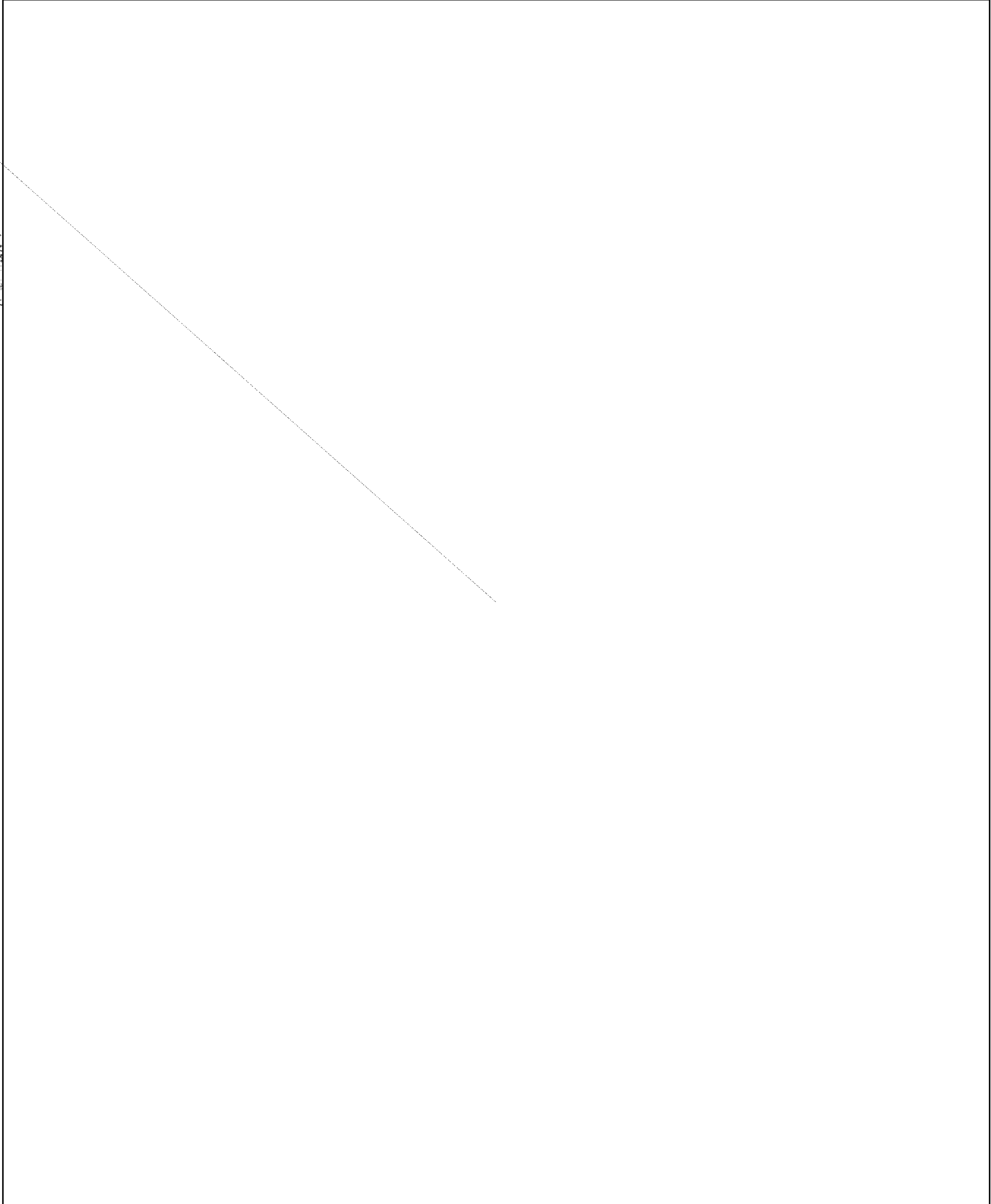

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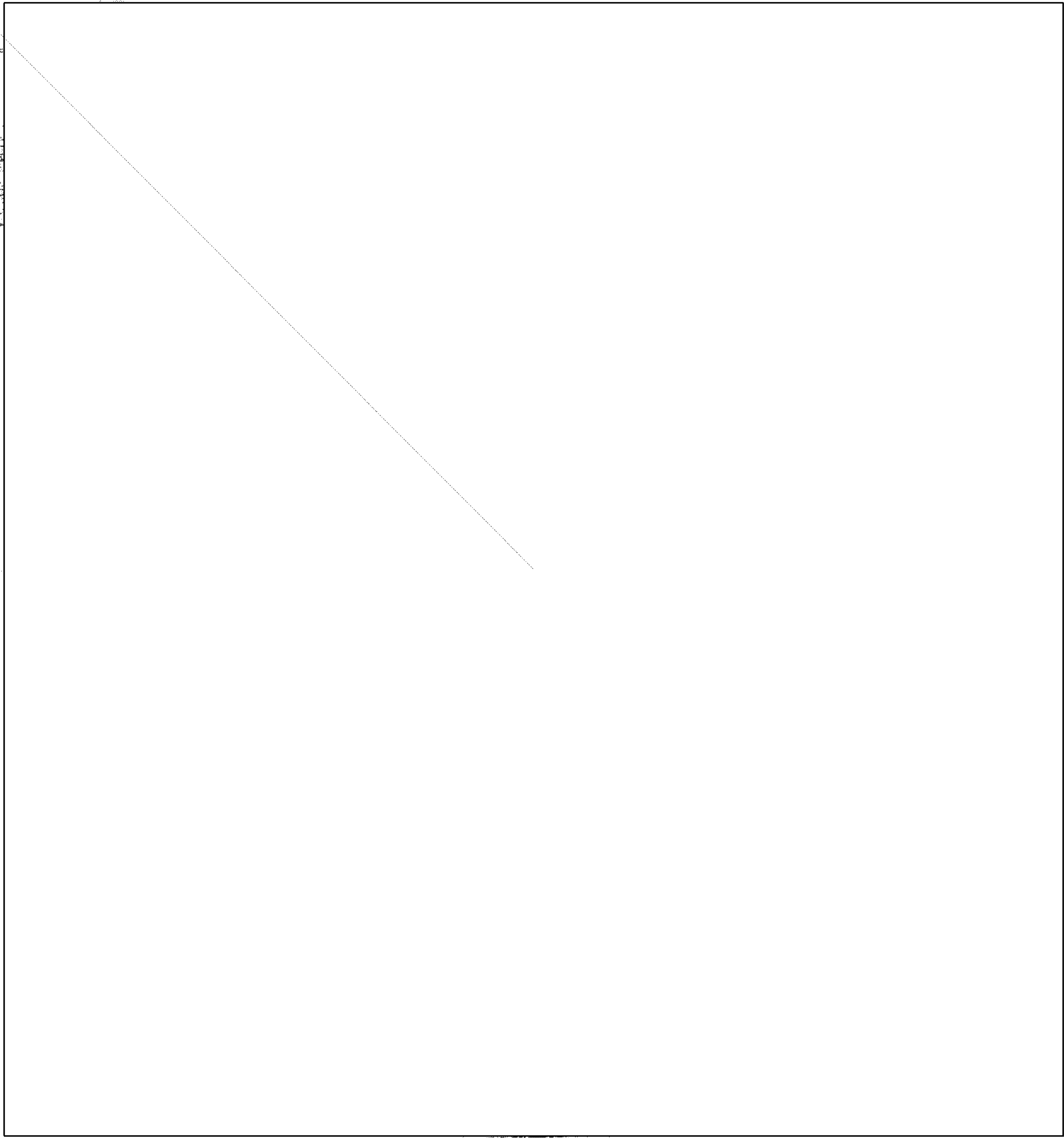

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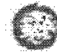

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EXHIBIT F

RECOLL Management Corpor...ion
One Washington Mall
3rd Floor
Boston, Massachusetts 02108

Non-Real Estate Appraisal Department

TO: Brian Shelton
MABOS40CLO

(b)(6)

FROM: Robert Cormier
Senior Non-Real Estate Valuation Reviewer
Non-Real Estate Appraisal Dept.

DATE: September 29, 1992

Subject: Bain & Company, Inc.
Appraisal Request

Obligor Name Bain Co
Obligor # 0553164302
Obligation # HL
Section/ Tab CJ
Officer/ Ext KPS132919

On September 23, 1992 you provided me with a listing of Furniture, Equipment, Software, Computers, Art, Decorations, and Leasehold Improvements that were originally acquired over a period of 10 years by Bain & Company. The total acquired cost of these items was approximately $20.9 million.

Based on this listing, you requested that the Non-Real Estate Appraisal Department engage two appraisal firms to perform "desk top" appraisals. Desk top appraisals in this particular case was recommended as the most practical approach considering the high number of items involved, the diversity of assets, and the fact that the equipment is located throughout several cities including, Boston, San Francisco, Dallas, Chicago, Moscow, and Toronto.

The purpose of this memorandum is to advise you that we have reviewed the equipment listing and have discussed the approach with several appraisers and have concluded that while the approach of a "desk top" is conceptually feasible, the information provided is inadequate to facilitate this process.

The equipment listing appears to be a company prepared general ledger report for depreciation purposes. While the description of the specific assets are adequate for referencing purposes, they are not descriptive enough for appraisal purposes. For example, asset #70 describes "HP LASERJE" with an acquired value of $102,296. This type of information has little value to an appraiser. It is unclear if the cost of $102,296 is for one or several laser jet printers; most likely several machines were purchased for a total cost of $102,269. Since a physical inspection of the items is not practical in this case, the appraisers will be unable to conduct a desk top analysis based on the information provided. At best, we would need a full description of each item, model numbers, serial numbers in some cases, name of manufacturers, date of acquisition, and original cost in order to perform a desk top analysis.

I recommend that you re-assess the need and purpose of this appraisal considering the complexities associated with this project and, that you resubmit a new listing with the information identified above. For the present time I will put this appraisal request "on hold" pending receipt of new information. Please advise.

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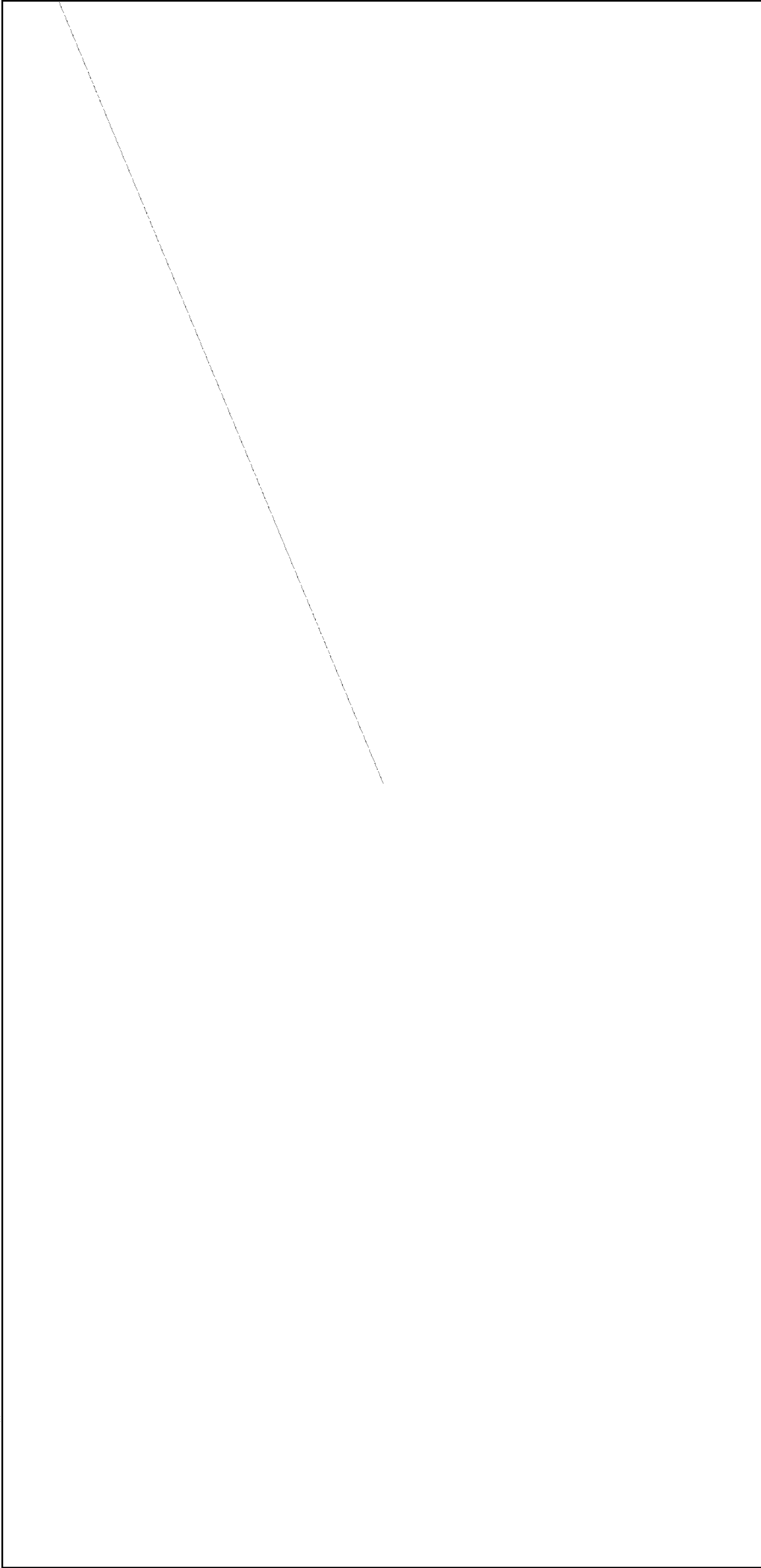

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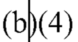
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BAIN & COMPANY, INC.

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EXHIBIT H

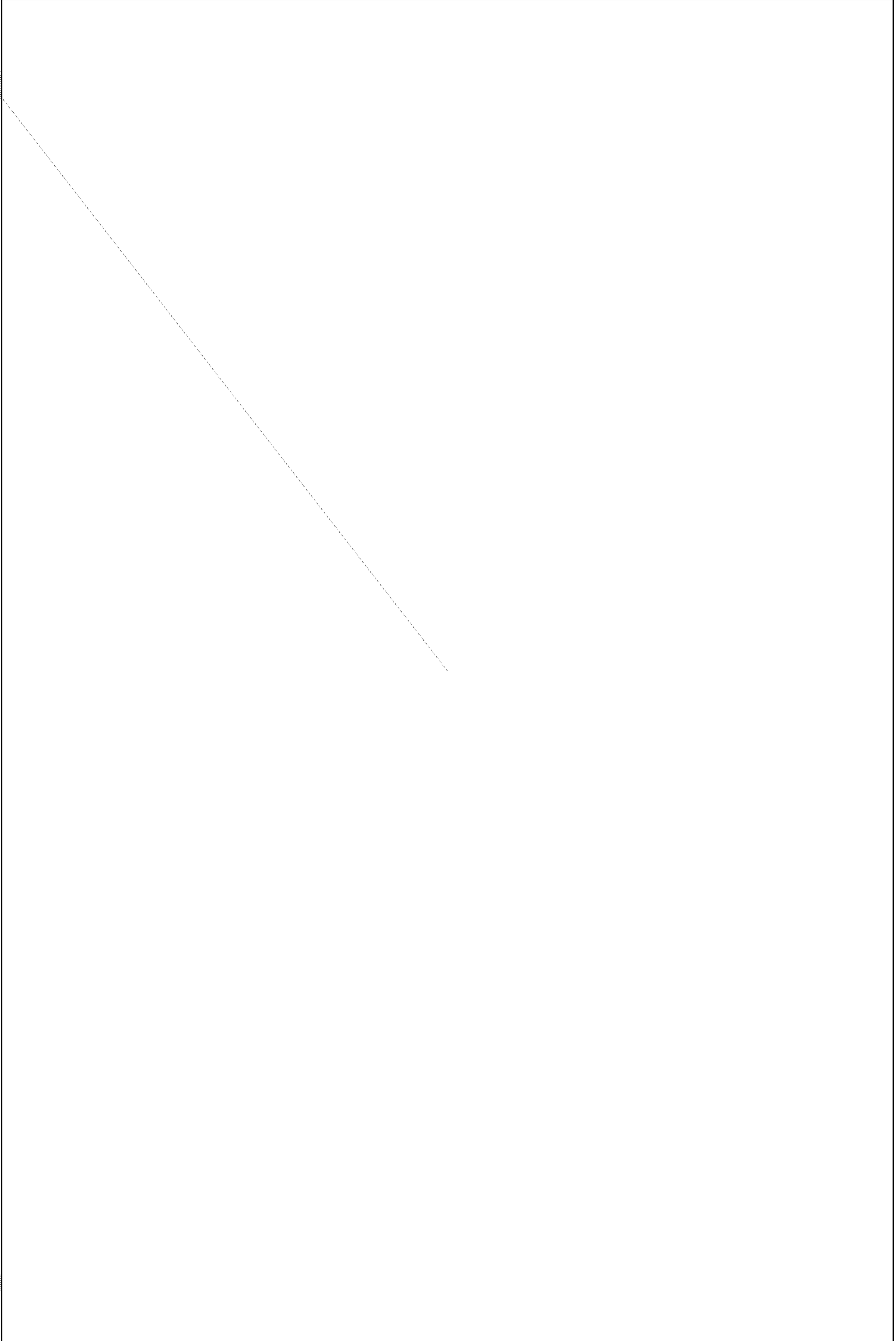

EXHIBIT I