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Washington Service Bureau, Inc.	
Letter:	<u>Bowmar Instrument Corp.</u>
WSB Division #:	<u>33-R-144</u>
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SECURITIES AND EXCHANGE COMMISSION  
 WASHINGTON, D.C. 20549

JUL 2 1976

File #	<u>33</u>
Division	<u>3(a)(10) 4(1)</u>
File #	<u>R 144</u>
Availability	<u>8-2-76</u>

Joseph G. Connolly, Esquire  
 Kaye, Scholer, Fierman, Hays & Handler  
 425 Park Avenue  
 New York, New York 10022

Re: Bowmar Instrument Corporation

Dear Mr. Connolly:

This is in response to your letter of June 23, 1976, concerning the issuance of shares of Bowmar Instrument Corporation ("Bowmar") common stock pursuant to a proposed plan of arrangement (the "Plan") under Chapter XI of the Bankruptcy Act, and the subsequent resale of such shares by creditor recipients, without compliance with the registration requirements of the Securities Act of 1933 (the "Act"). The facts, as more fully set forth in your letter, are as follows.

Bowmar and three of its wholly-owned subsidiaries filed petitions under Chapter XI of the Bankruptcy Act on February 11, 1976, and by order of the Bankruptcy Court, were authorized to continue operations as debtors-in-possession. On May 19, 1976, the Plan was filed with the Court. In order for the Plan to be confirmed and become effective, it must be accepted by a majority in number and amount of claims of each class of creditors, and be determined by the Court to be feasible and in the best interests of creditors. Additionally, while shareholder approval is not required, the Plan contemplates such and the approval of security holders is necessary to amend Bowmar's articles of incorporation in order to authorize a sufficient number of shares for issuance under the Plan.

Under the Plan as proposed, general unsecured creditors of the debtors-in-possession are divided into Classes I and II, respectively, those with claims of \$500 or less and those with claims exceeding \$500. Class I creditors will receive a cash payment equal to 2

of the amount of their claims. Class II Creditors will receive a share of the Bowmar common stock over a period beginning on confirmation and ending on September 30, 1985. Specifically, the Plan provides that Class II Creditors will receive:

1. Upon confirmation, an amount in cash which may not be less than \$3,000,000 and 1,998,861 shares of Bowmar Common Stock, representing 49.999% of the shares to be outstanding after confirmation (not including the 199,407 shares of Common Stock which may be issued to Bowmar Canada Limited ("Bowmar Canada") in its capacity as a creditor of the debtors-in-possession).
2. In various installments through September 30, 1985, cash payments aggregating \$8,630,000.
3. On September 30, 1981, a cash payment of \$4,000,000. The obligation to make this payment, however, may be satisfied, at the option of Bowmar, in whole or in part by the issuance and delivery to creditors other than Bowmar Canada of up to an additional 3,997,700 shares of Common Stock.
4. A 66 2/3% participation in the net amounts recovered in a pending antitrust litigation brought by Bowmar against Texas Instruments, Incorporated.

Based on claims filed as of April 13, 1976, there will be in excess of 2,000 Class II Creditors of whom only one, Bowmar Canada, a wholly-owned subsidiary with a claim of approximately \$4,000,000, is an affiliate of Bowmar. Excepting Bowmar Canada's claim, all other Class II claims aggregate approximately \$54,516,000. On the basis of these claims, four Class II Creditors (excepting Bowmar Canada) will receive, respectively, approximately 15.5%, 9.6%, 7.4% and 2.1% of the outstanding shares, no other Class II Creditor will receive in excess of 1% of the outstanding shares.

On the basis of the facts presented, this Division will not recommend any enforcement action to the Commission if the 1,998,861 shares are issued on confirmation and if the 3,997,000 shares are

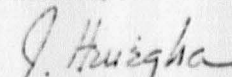
Joseph G. Connolly, Esquire

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issued at Downsville, New York on September 30, 1981, pursuant to the confirmed Plan and without registration under the Act in reliance upon your opinion as counsel that the exemption contained in Section 393(a) of the Bankruptcy Act is available. Further, this Division will not recommend any enforcement action to the Commission if resales of the shares issued to creditors pursuant to the Plan are made without compliance with the registration requirements under the Act in reliance upon your opinion as counsel that registration is not required, provided, that resales by creditors holding more than one percent of the Company's issued and outstanding stock are made in accordance with paragraphs (c), (e), (f), and (g) of Rule 144.

Because this position is based upon the representations made to the Division in your letter, it should be noted that any different facts or conditions might require a different conclusion. Further, this letter only expresses the Division's position on enforcement action and does not purport to express any legal conclusion on the questions presented.

Sincerely,

  
John Heneghan  
Chief Counsel