2570.43), and that all participants were provided with a copy of the Proposal as published in the **Federal Register**. In this regard, WEC states that the success of its notification efforts was demonstrated by the fact that the Department received over 160 comment letters, most of which raised substantive issues regarding the Proposal.

With respect to the decision made by WEC to contribute the Securities to the Plan rather than sell the Securities on the open market, WEC states that the contribution enabled the Plan to satisfy a pre-existing, independently developed investment target for ''alternative investments'' without incurring significant transaction costs. As noted in Paragraph 2 of the Summary of Facts and Representations in the Proposal (the Summary), the Plan developed investment allocation guidelines in conjunction with the Frank Russell Company in 1990. These guidelines established an allocation target of approximately 5 percent for ''alternative investments''. WEC states that such an allocation appropriately reflects the role of such investments in a prudently diversified portfolio. In addition, WEC represents that there is no intention to increase this allocation of Plan assets to ''alternative investments'' above the current 5.2 percent.

In order to address the concerns raised by the commenters, WEC has agreed to adding a new condition to the Proposal which requires that additional Plan assets will not be used to purchase new ''alternative investments'' to the extent that such purchases would cause more than 5.2 percent of the Plan's total assets to be invested in ''alternative investments'' (see condition (e) above). Paragraph 2 of the Summary states that ''alternative investments'' typically include venture capital, buyout funds, distressed companies, mezzanine financing, oil and gas programs, timberland or farmland, and economically targeted investments addressing certain social policies.

With respect to the effect of the contribution of the Securities on the Plan's funding status, WEC states that five factors indicate that this transaction has had a positive effect on the Plan's funding. First, WEC did not satisfy any current funding obligation through the contribution of the Securities. The Plan has not had to forego any legally required cash contribution; rather, the contribution of the Securities was above and beyond what WEC was legally required to contribute to the Plan at the time of the transactions.

Second, the Securities issued by Tele-Media Company of Western Connecticut (the Tele-Media Securities), representing one-third of the original value of the Securities contributed by WEC, have already been sold at a profit (see Paragraph 6 of the Summary). The Plan, by realizing the proceeds of this sale, has received $4,050,000 in additional cash as the result of the contribution of the Tele-Media Securities.

Third, the Securities issued by First Britannia Mezzanine N.V. (the First Britannia Securities), while remaining stable in asset value, have generated significant income for the Plan. The Plan has thus far received approximately $2.4 million in interest on the debt portion and approximately $9.3 million in cash dividends on the equity portion of the First Britannia Securities. All of this income accrues to the benefit of the Plan and improves the Plan's funding situation.

Fourth, the Plan is protected from diminutions in the value of the Securities through the operation of the Makewhole Agreement. Such support for the value of the Securities would be non-existent if the Plan had purchased the Securities on the open market. Therefore, WEC states that the Plan is better protected in accomplishing its previously described goals for ''alternative investments'' as the result of the contribution of the Securities than had a cash contribution been used by the Plan to invest in such securities on the open market.

Finally, in support of the Makewhole Agreement, WEC has contributed an additional $25 million in cash to the Plan. This amount is above and beyond WEC's other contribution obligations to the Plan. WEC states that this $25 million contribution was made along with a $200 million cash contribution on December 30, 1994 as part of WEC's program to improve Plan funding, even though such amounts were not legally required to satisfy any current minimum funding obligations. Under the terms of the Makewhole Agreement, the additional $25 million will not be used to reduce WEC's future contribution obligations until the end of the term of the Makewhole Agreement.

Thus, WEC represents that the Plan has benefitted from, and the Plan's funding has been improved by, the contribution of the Securities.

With respect to the investment performance of the Tops Securities and the potential for losses by the Plan after the period covered by the Makewhole Agreement, WEC states that the publicly-traded price of these Securities has fluctuated widely and is currently trading at a price significantly below the price that existed on the date that the Securities were contributed to the Plan. Because of the trading restrictions on the Tops Securities, the Plan will be able to dispose of only a small portion of the shares each year. Many of the commenters suggested that WEC extend the period covered by Makewhole Agreement regarding the Tops Securities. In addition, the Department expressed concerns to WEC regarding the absence of additional guarantees for potential losses by the Plan in connection with the continued holding of both the First Britannia Securities and the Securities issued by Federated Investors (the Federated Securities), as well as for the Tops Securities, once the three-year period covered under the Makewhole Agreement expires on September 14, 1996.

Consequently, WEC has agreed to extend the term of the Makewhole Agreement until such time as the Plan's holdings of all of the Securities are totally liquidated. Thus, the new Exercise Date under the Makewhole Agreement, as amended, will be the date on which the Plan's holdings of all of the Securities contributed by WEC on September 14 and October 29, 1993, are liquidated. WEC states that the remaining provisions of the Makewhole Agreement relating to, among other things, the calculation of the Makewhole Amount will remain unchanged, except that such calculation will no longer need to be based on any appraisals of the fair market value of the Securities remaining in the Plan because all of the Securities will have been liquidated at that time. Further, the duration of the $25 million credit balance provision, which is being used to ensure payment of the Makewhole Amount to the Plan, will also be extended until the new Exercise Date under the Makewhole Agreement.

Therefore, in response to WEC's additional representations regarding the extension of the Makewhole Agreement, the Department has modified the language of the previous condition (h) in the Proposal (which has been redesignated as condition (i) above) by deleting the reference in the opening clause to '' * * * the third anniversary of the date of the first contribution made to the Plan * * *'' and substituting therefor the phrase ''* * * the date on which the Plan no longer holds any of the Securities contributed by WEC on September 14 and October 29, 1993 (the Exercise Date) * * *'' in order to redefine the end of the Makewhole Period and create a new Exercise Date. The Department has also deleted the phrase in the previous condition (h)(2) of the Proposal and other phrases thereafter in such condition referring to the fair market value of the Securities