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Congress of the United States  
House of Representatives

October 3, 2006

INTERNATIONAL RELATIONS COMMITTEE

Subcommittee on Asia and the Pacific  
Subcommittee on Africa, Global Human Rights  
and International Operations

GOVERNMENT REFORM COMMITTEE

Subcommittee on Energy and Resources  
Ranking Minority Member  
Subcommittee on Criminal Justice, Drug Policy,  
and Human Resources

DEMOCRATIC REGIONAL WHIP

CHAIR, Congressional Entertainment  
Industries Caucus

Mrs. Jonna Z. Bianco  
President  
American Bondholders Foundation, LLC  
2840 Glasscock Road  
Lewisburg, TN 37901

Dear Mrs. Bianco:

I appreciate that you have kept me and other Members of Congress informed of the attempts by the American Bondholders Foundation (ABF) to reach a settlement with the People's Republic of China (PRC) regarding China's defaulted sovereign bonds.

Consistent with your testimony before the House International Relations Committee in October 2003 and subsequent communications, you have referred to international debt exchange transactions by which intermediary parties (government or private) acquire the defaulted bonds for good value in exchange for settlement payments to ABF bondholders. These intermediated parties in turn are able to use the bonds for debt exchange offset transactions. The result is fair compensation to ABF bondholders and the eventual cancellation of the defaulted debt.

I remain very interested in the activities of the ABF. Please keep me informed as you continue to move the process forward.

All the best.

Sincerely,

Diane E. Watson  
Member of Congress