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MILBANK, TWEED WINS EXTRAORDINARY BANKRUPTCY “ENTERPRISE VALUATION” TRIAL IN DELAWARE

*- Exceptionally Rare Bankruptcy Decree Follows 23-Day Trial
and Disqualification of Valuation Expert -*

LOS ANGELES, January 30, 2007 – The international law firm Milbank, Tweed, Hadley & McCloy LLP announced today that it has won a dramatic victory for creditors in an uncommon and exceedingly complex business valuation trial that was part of a larger bankruptcy proceeding in historically debtor-friendly Delaware Bankruptcy Court. Milbank was lead trial counsel in the hotly contested valuation proceeding and represented UBS AG – Stamford Branch. *In Re: Nellson Nutraceutical, Inc. et al.*, Chapter 11, 06-10072 (CSS).

Los Angeles-based Milbank partner and lead trial attorney Linda Dakin-Grimm stated: “It is very unusual for a Chapter 11 enterprise valuation dispute to go to trial.” Ms. Dakin-Grimm added, “It is also remarkable for a bankruptcy judge to disqualify Debtor’s valuation expert along the way.”

Los Angeles-based Milbank partners Gregory A. Bray and Thomas R. Kreller represent UBS AG – Stamford Branch in the Chapter 11 proceedings. Milbank associate Jason B. Baim worked with Ms. Dakin-Grimm on the valuation trial. James J. Holman and Richard W. Riley of Philadelphia-based Duane Morris LLP serve as local counsel to UBS AG – Stamford Branch.

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MILBANK WINS IMPORTANT VALUATION VICTORY FOR CREDITORS
IN NELLSON NUTRACEUTICAL, INC. CH. 11 BANKRUPTCY

Based in Irwindale, California, Nellson is a contract manufacturer of nutritional food bars and powders for weight loss, sports training and wellness and medical categories.

Nellson is primarily owned by Fremont Investors VII, LLC (“Fremont”) a unit of San Francisco investment firm Fremont Partners, which purchased Nellson in October 2002.

The trial was held in order to determine the “enterprise value” (value as an ongoing business) of Nellson in order for the company to develop and file a Chapter 11 reorganization plan.

To conduct the valuation, Nellson hired a valuation expert, while three different creditor groups, including UBS AG Stanford Branch as agent for Nellson’s secured lenders, each hired its own independent expert. The four experts based each of their valuations on Nellson’s May 2006 long-term business plan, using valuation methodologies to determine the company’s enterprise value.

According to United States Bankruptcy Judge Christopher S. Sontchi’s 105-page opinion, however, evidence presented at the 23-day valuation trial “overwhelmingly established that the Debtors’ business plan had been manipulated at the direction of and in cooperation with the Debtors’ controlling shareholder to bolster the value of Debtors’ business solely for the purposes of this litigation.”

Judge Sontchi also reprimanded the expert hired by Nellson and disqualified his valuation, which was \$60 to \$90 million higher than that of the other valuation experts.

In his January 18, 2007 opinion, Judge Sontchi valued the company at \$320 million, which was significantly less than what the Debtors had asserted and not enough for Fremont to maintain its equity stake in the Nellson.

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Milbank, Tweed, Hadley & McCloy LLP is a preeminent global law firm that for more than 140 years has provided innovative legal solutions in many of the world's largest, most complex, "first-ever" corporate transactions and litigation. Our transactional expertise includes capital markets, corporate finance and transactions, project finance, acquisition finance, and other major fields of law practice. Milbank litigation teams resolve disputes involving mergers and acquisitions, proxy battles, financings and securities offerings, intellectual property, white collar crime, and corporate restructurings, among others. Our clients range from prominent multinational financial, industrial and commercial enterprises to governments, institutions and individuals. The Firm is headquartered in New York, with offices in Los Angeles, Washington, DC, London, Frankfurt, Munich, Tokyo, Hong Kong, Singapore and Beijing.

To learn more about Milbank and its attorneys, go to www.milbank.com.

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