THIRD QUARTER 2011

TMA International News

TMA

IN THIS ISSUE

LETTER FROM TMA VICE PRESIDENT OF INTERNATIONAL RELATIONS

Does the Eurozone Need a CRO?

BY ALAN TILLEY

A failed business structure, lack of liquidity and management in denial are the hallmarks of a distressed business. Those criteria seem to apply to the eurozone.

Governments and institutions persist in resolutely pursuing their narrow self interests without regard for the bigger picture. As Lehman Brothers demonstrated, rescue is better than insolvency even in the most complex of situations. Yet European sovereign debt default hangs over European banks and economies like the sword of Damocles. Restructurings follow unpredictable paths and there are many twists and turns still to come.

There is an absence of genuine leadership. Europe needs a CRO to provide that leadership. Who would have believed in 1988 when TMA was founded that its core beliefs and philosophies would gravitate upwards from corporate distress to sovereign debt of a major developed economic bloc?

I am not optimistic about the outcome but TMA should keep pressing the message of consensual rescue in turnaround rather than seeing another major institution sleepwalking into catastrophic default. We have a major unnecessary crisis looming in Europe because politicians look behind themselves for votes rather than do the job for which they were elected — lead.

Alan Tilley is a principal of Bryan Mansell and Tilley LLP specializing in international and European cross-border turnaround and restructuring.

Seven Questions

Reijo Järvinen, TMA Finland Chapter President

After a successful first turn hosting the 2011 TMA Europe Conference in June, Reijo Järvinen, president of the TMA Finland Chapter, talks about his chapter and the insolvency process in this country, where conference attendees experienced a season bathed in near round-the-clock sunshine.

1 What distinguishes your chapter in membership makeup?

The Finnish Chapter is a young chapter and Finland is a small country. (With 5.3 million residents, its population is roughly twice the population of the city of Chicago.) That is why the founders of our chapter had the right vision when they decided to start our own education for TMA professionals. I am sure this has been the right way to bump up the number of members of the Finnish Chapter. Already more than 150 individuals have completed the year-long course in corporate turnaround methods. Most of them have also been members of the chapter, producing consultants whose professional skills have matured significantly. Our chapter, which signed its TMA affiliate license in 2007, currently has 120 members.

2 What are the hallmarks of the insolvency process in your country?

There are essential differences between the legislation in Finland and the U.S. I have understood that the entirety of U.S. insolvency legislation is contained in the Chapter 7 and Chapter 11 statutes. However, in Finland we have different laws for reorganization and bankruptcy.

In the U.S. the purpose of legislation is, in a way, to enshrine an "honest debtor" in order to give him another chance. Unfortunately in Finland it is more or less the end of entrepreneurship after a business is headed toward bankruptcy. Thirdly, in the U.S. the courts have extensive power, while in Finland the restructuring and insolvency procedures are more creditor-driven. The courts nominate the candidate of the creditors to operate as the administrator. The courts will also confirm the reorganization or restructuring program. The courts have thus, more or less, the role of a "rubber stamp."

3 Are legislative or judicial changes being considered that turnaround professionals outside your region need to be aware of?

No, not as far as I know. Our legislation took effect in 1993 and the latest

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changes were made in 2007. Of course, our legislation differs a little from that in other countries.

4 How did you begin your career in the turnaround industry?
My career in the turnaround industry got its start when I decided to retire from my job as a regional director in Finnvera, a financial institution in Finland. Before I retired I decided to pass the TMA long course, a certification process developed by the chapter. That gave me the possibility to work with distressed companies during my last months in Finnvera. After retiring, I have had the opportunity to continue my career with Krogerus Attorneys as a senior advisor in transactions and financing.

5 Have you participated in notable cases?
No, I have not. I work mainly as a board member for companies and for some reason most of those companies are more or less distressed. Actually, my job as the chairman of the board in a Finnish-listed company is mainly turnaround and restructuring.

6 Can you recount a favorite restructuring case? Explain why it is your favorite.
No, I cannot. Some of the companies with which I have been involved have succeeded in turnaround and that has, of course, given me pleasure.

7 Do you have a favorite quote or motto that anchors you as you work?
Always hire more skillful people than you are yourself! It has never been difficult for me, indeed.

Reijo Järvinen, TMA Finland Chapter president since May 2010

Spilling Ink! TMA's Growth in Europe Snags Media Coverage

In August, *Dow Jones Daily Bankruptcy Review* published "Trouble in Europe Entices U.S. Corporate-Restructuring Experts," an article about U.S. law firms and restructuring advisors expanding businesses into Europe because of the debt crisis roiling the continent and a mountain of corporate debt coming due. Another factor spurring growth is greater acceptance of the U.S. approach of giving troubled businesses a chance to rehabilitate. The reporter wrote:

"Even the Turnaround Management Association, a Chicago-based trade organization, has seen its ranks grow considerably in Europe. TMA had 1,006 members in Europe at the end of last year, up from 310 in 2005. The number of chapters in the region has doubled.

"The growth has come both from U.S. firms such as AlixPartners and liquidator Gordon Brothers Group increasing their ranks in Europe and from Europeans looking to connect with TMA's global reach, said TMA President Mark Indelicato.

" 'Growing in Europe...is a natural next step for TMA. As the global economy becomes smaller and smaller, it's a natural offshoot to see an increase in cross-border transactions.' "

TMA GROWTH IN EUROPE

Year	Chapters	Members
2006	5	310
2007	6	404
2008	7	521
2009	9	817
2010	9	1,006
2011	11	988 (midyear)

TMA MEMBER SURVEY ON INTERNATIONAL BUSINESS

In a September survey of North American TMA members, nearly 60 percent said they currently have international clients or cases while another 20 percent said they have had international clients or cases. Responses were split at 6 percent each among those who are looking for international business engagements and those who are not. Other survey highlights:

Top 10 Countries Where TMA Members Conduct International Business

1. United Kingdom	56%
2. China	50%
3. Germany	45%
4. France	33%
5. Japan	31%
6. Australia	27%
India*	27%
8. Italy	26%
9. Brazil	25%
Netherlands	25%

TMA Members with Offices Overseas

- 28% of TMA members' firms currently have offices outside of North America
- 10% have plans to add offices outside North America within the next year
- 14% have plans to add offices outside North America within the next 2-5 years

Top 10 Countries Outside of North America Where TMA Members Have Offices

1. United Kingdom	58%
2. China	55%
3. Germany	43%
4. France	39%
5. Australia	30%
6. Japan	29%
7. India*	26%
8. Italy	23%
9. Ireland	22%
10. Brazil	20%
Poland*	20%
Spain	20%

* India and Poland are the only countries listed that do not have a TMA chapter.

Sovereign Debt Crisis — Implications for Business

BY DAVID HOLE

I read in the press a desire to get back to normal economic conditions, but from where I stand "what is normal?" I don't think we know what normal is anymore.

Should normal be pre-2007 when liquidity was available or pre-2000 or is normal back to the boom and bust years of the 1970s, 1980s and early 1990s? Do we also take lessons from history? I'm referring to the period leading to the financial crisis of the late 1920s and the consequences in the 1930s and 1940s.

The scale of the current crisis is indeed comparable but the complexity is far greater. Will this time round be longer and comparable to the long European depression of 1873 to 1896? Academics blame a sustained period of living beyond our means due to credit expansion, and therefore we can expect a long adjustment. They indicate between five and 10 years of lower standards of living — all cheerful news.

I'm no economic historian but I am a turnaround practitioner. In this article I'm going to set the scene and comment on the impact for business and where we can assist.

In 2007 the subprime bubble in the U.S. broke, leading to the 2008 liquidity crisis, which led, in turn, to the banking crisis at which point there seemed to be international cooperation to contain the contagion to prevent a repeat of the Great Depression. Some commentators use the term Great Recession, reluctant to use the "D" word. Various economic stimulus packages across the developed world gave relief to the liquidity crisis.

Since the end of World War II, internationalization and corporate globalization have flourished with many international bodies being formed, most notably free trade areas, the U.N., the International Monetary Fund, the World Bank, the EU and the list goes on. Sovereign legal and economic frameworks were exported from the developed countries to undeveloped countries. The globe is now a very connected and intertwined community. Capital, labor and entrepreneurship move relatively freely at breakneck speed. Many of these changes have prevented the worst consequences of the Great Depression; I refer to trade barriers, protectionism, nationalistic extremes, etc.

The economic downturn is in its fifth year and we are three years from when Lehman Brothers went to the wall; in hindsight, perhaps it was not such a smart move of the U.S. Administration to allow it to collapse? Confidence in the banking system is at a low, plus trust and lending between banks are low, again. There is a significant amount of global debt accumulated since the late 1980s that is maturing and needs to be refinanced in an environment where credit risk and appraisal have structurally gone back 20 or 30 years.

Refinancing is and will prove difficult for those who need to secure it, which is basically everyone: banks, governments, corporates and consumers. The party is over, the music has stopped, and there aren't enough chairs for everyone; some will fail and default. The music will only start again when confidence returns, when consumers start to spend again, when consumers are confident to take on new debt, and when consumers feel secure once more. It is a virtuous circle.

We are now entering the next phase involving the financial creditworthiness of sovereign nations. Subsequent credit rating downgrades fan the fires of uncertainty. In my opinion, this phase is the most dangerous. Why? I use the analogy of the foundation for a building. If the foundation is inherently unsound or becomes unsound through events, until you've dealt with the foundation issue, then whatever you do to the building that stands on that foundation will amount only to papering and painting over cracks all the time. And that is a very costly process in terms of time and money.

We live at a time when free market economics dominate how resources are allocated and as a consequence, we need debt and credit to function. However, those functions are assessed by the trust of the borrower to the lender that the borrower can service and pay back the principal. That trust is reflected in the interest rate charged. The process is assisted by our "friends," the credit rating agencies. Didn't the credit rating agencies have a hand in the build-up to 2008? (Well let's not go there for this article.)

It's fairly basic stuff, but whether you are a consumer, corporate or government, credit worthiness is assessed on your assets, liabilities, income and expenditures, and historical record of keeping to the terms of credit agreements. It's a downward spiral if you need to refinance and no one trusts you. If they do lend to you, then the interest rate contributes to the downward spiral. To take a case in hand, the interest yield for German 10-year bonds is 1.74% and that for Greek debt is 19.54%. The two sovereign states are extremes in terms of financial probity but those yields reflect what the market thinks. Greece will default, but how and when it happens are key questions. We want a slow predictable car crash with sufficient financial muscle to offset it. (As I write this article a 3 trillion euro package is planned to head off the consequences.)

What the market thinks is incredibly important because what it tells us is that "perception in the marketplace is the reality" regardless of facts often. In 1933, President Franklin D. Roosevelt said, "the only thing we have to fear is fear itself." In this time, however bad the situation gets, it is made worse by fear and by a loss of consumer, business and market confidence. Confidence is the number one priority to address. Some of our friends at the credit rating agencies and the comments from sovereign representatives are not always helpful. This is a *communication skill, a skill that turnaround practitioners have developed and implemented in many stressed situations*. It is not constructive for a leader or the press to overstate a scenario to attract press coverage or sales. It is not rocket science that *difficult decisions have to be made, another skill turnaround practitioners possess*.

In 1933 a London conference on the global depression of the time resulted in bickering and dithering without decisive action. Given the current sovereign debt crisis, specifically in Europe — and it is not alone — I do not see an international

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leader emerging despite all the international organizations. I see much commentary but no individual leading the charge. I see individual countries, trade areas and monetary unions coming up with unique solutions, but because of the interconnectivity of debt across borders, these individual solutions may not deliver what is needed. This is an international management exercise and *managing stakeholders is another skill turnaround practitioners use every time they begin an assignment*.

Where will this bold and innovative leader come from? Will it be President Barack Obama, French President Nicolas Sarkozy, German Chancellor Angela Merkel, British Prime Minister David Cameron, the IMF or the World Bank? I don't see him or her yet.

Regarding business, we have all seen well-known retail brands become insolvent because consumers aren't spending and refinancing historical corporate debt is proving too difficult. In a sovereign debt crisis scenario governments have a variety of options, including Keynesian and monetarist solutions, currency depreciations, joining monetary unions, quantitative easing and austerity measures. The key is to avoid deflation, which is regarded as worse than inflation.

There is a suggestion in the markets that central banks have an agenda to stoke inflationary pressure (in the U.K. it is now 4.53%; in U.S., 3.77%; and Euro zone, 2.53%). Why? Debt gets devalued in real terms by inflation and the price will be paid for by creditors and savers. Will those same central bankers who will also be printing money be able to reverse it when they need to? Over the last 800 years when banking crises have threatened a sovereign crisis, those cycles have been followed by high inflation, most often through the control of currency. Historians appear calmer and more sanguine about the sovereign debt crisis rather than politicians. They see it simply as *effective crisis management followed by a restructure, actions quite familiar to turnaround practitioners*.

Business has become more complicated and is challenged on all fronts from turnover forecasts, to pricing, to taxation, to employment skills, to public sector, to private sector. No business is immune.

In the U.K. we have a benign economic environment. Interest rates are at a 300-year low, the taxation authorities are balancing employment against chasing businesses funded by non-payment of taxes, and the banks serve themselves in terms of overt credit screening and meeting new capital requirements via Basel III and sovereign demands. In the U.K. a rather anti-intuitive scenario is arising. There has been less insolvency than we would expect in such an economic down cycle — which means more businesses are piling on top of each other and sitting precariously waiting for an initiator to tip the business.

Businesses should not delay. They should realign themselves to the new economic environment by ruthlessly restructuring balance sheets and profit-and-loss statements to survive and prosper and to be sustainable. In my own opinion the mid-corporate and global organizations are in better position to coordinate cash and change management. The small and mid-size enterprises and owner-managed businesses are more vulnerable and have fewer resources; in the U.K., small and mid-size companies account for over 90% of businesses. The new buzz phrase is *improving sustainability, a skill imbedded in the DNA of turnaround practitioners*.

Whatever plan is agreed to by the G-7 or G-20 countries, at the very least it needs to address the debt crisis and issues unique to the eurozone and perhaps even consider proposals for an alternative reserve currency.

I conclude with three points:

1. The sovereign debt crisis requires an international solution with bold and innovative leadership.
2. Businesses should take the time now to restructure, regroup and reposition.
3. Businesses should use experienced turnaround practitioners to guide them.

David Hole, U.K., joint managing director for Galen Partners in the UK, and TMA UK Chapter director for education, welcomes your comments. E-mail davidhole@galenpartners.co.uk or phone him at +44(0)7976 758 246.

TMA Names Gregory J. Fine, CAE, Executive Director

Gregory J. Fine joins TMA on December 5, bringing more than 15 years of experience leading and growing associations. He currently serves as vice president of marketing and communications for the Association for Corporate Growth® (ACG) where he led the creation of a strategic marketing and communications department, directed the launch of ACG's public policy effort, and played a key role in enhancing the relationship between the organization and its 56 worldwide chapters.

Prior to his role with ACG, Fine served as the director of communications & marketing and executive editor of *FORUM* magazine for the Association Forum of Chicagoland. A recognized leader in the association community, Fine currently serves on the board, as president, of Association Media and Publishing and is an active member of the Association Forum of Chicagoland and the American Society of Association Executives (ASAE).

"We are excited to introduce Greg as the next leader of TMA," says Mark S. Indelicato, TMA president and managing partner of Hahn & Hessen LLP in New York. "With his combination of association experience, industry knowledge, and leadership capabilities, we look forward to Greg guiding the organization to continued growth and success for years to come."

"I am honored to be selected by TMA as the next executive director," says Fine. "I look forward to working with TMA's volunteers, chapter leaders and staff to continue delivering value to the membership and supporting the critical role the TMA membership plays in the global economy."

Fine replaces Linda M. Delgadillo, CAE, who is retiring at the end of 2011 following 11 years as TMA executive director.

Weighing the Economic Scale

China: Uncertainty Looms over Non-performing Loans

BY DANIEL MARTIN AND JOHN LEES

As China emerges from the shadow of an unprecedented $586 billion economic stimulus package, which was announced in November 2008, we look at the current business climate and some of the key economic factors affecting China today and its march toward the number one spot in the world economy.

Fueled by a very strong expansion of credit and a broad stimulus package, China has seen constant economic growth in excess of 9 percent in 2009 and 2010. In a time when European and Western nations have been weathering the storm of post-global financial crisis "depression" — another debt crisis potentially looms for European nations — what now for China?

In view of the increasing property bubble risks and the rise of non-performing loans, China's central bank has tightened economic policy by raising interest rates and the bank's reserve requirement ratio.

Chinese non-performing loans

The debt burden of local governments has increased significantly in the wake of the stimulus plan. Local government authorities are barred from taking on debt in their own names, so Chinese banks have provided funding instead to provincial funding vehicles – intermediary agencies with opaque operations to pay for infrastructure projects such as highways and bridges. City, district and provincial governments have rushed to set up funding vehicles to circumvent the rules. China's national audit office recently estimated the debt held by authorities at 10.7 trillion yuan ($1.67 trillion) at the end of 2010, or approximately 27 percent of China's 2010 gross domestic product.

The financial information provided by many of these funding vehicles is very opaque and some of the projects rushed out were of questionable economic value. In other words, analysts now estimate that anywhere between 2.5 trillion to 6 trillion yuan ($387 billion - $928 billion) in local government debt will not be repaid. Faced with the growing risk of nonperforming loans, banks have resorted to securitization.

A recent news article titled "*Auditors Point to Widespread Insolvency in Liaoning Provincial Gov't Assets*"[1] highlighted serious concerns over provincial government financing platforms. Some key facts from this article include:

- Government auditors found that around 85 percent of Liaoning's provincial government financing platform companies defaulted on debt service prepayments in 2010.
- The audit office said 120 companies had operating losses and nearly half of all companies had serious cash flow shortages.
- Local government platform companies had engaged in fraudulent practices to secure and use loans. Auditors found that misappropriated funds totaled 17.6 billion yuan from bank loans.

To limit the credit expansion, the Chinese central bank has tightened controls on bank lending by raising the reserve-requirement ratio and reinstated quantitative controls in lending, which have reduced the amount of funds available for loans. This has affected China's small- and medium-enterprise (SME) market, which has seen liquidity dry up.

Inflation and interest rates

China's inflation rose to a three-year high in July 2011, adding pressure on the Chinese government to reduce and closely monitor living costs while keeping economic growth on track as the outlook for U.S. and Europe worsen. Consumer prices in the world's second-largest economy rose 6.5 percent over a year earlier, up from June's 6.4 percent, primarily due to surging food costs. The Chinese government has responded to the sharp price increases by raising interest rates for the fifth time in nine months in July 2011 to slow economic growth. The Chinese central bank announced that it was raising the key lending and deposit rates by a quarter of a percentage point: the one-year deposit rate would rise to 3.5 percent and the one-year lending rate, to 6.56 percent.

Regulating the securities markets

Local and foreign investors have lost money on companies that have circumvented regulations on fundraising while surrounding themselves in government authority. There have also been numerous cases of reported fraud within these Chinese entities. There are over 400 Chinese businesses that have gained stock market listing in the U.S. by buying public shell companies. This process of acquiring a public shell company is known as a reverse merger and is popular as it avoids the scrutiny of an initial public offering. The Bloomberg Chinese Reverse Merger Index, which tracks these firms, is down more than 40 percent in June 2011 since November 2010 due to the numerous cases of reported fraud and lack of oversight.

The challenges

The risk of defaults on non-performing government loans remains high, although this is likely to be avoided through the intervention of the central government. Vulnerable or weak companies in China that have benefited from the stimulus plan during the crisis may struggle to survive once government support is withdrawn.

Companies that operate in low-value sectors, such as textile, toys and shoes, are especially vulnerable due to rising salary and wage costs. The appreciation of the yuan is making exports more expensive and competition from the emergence of other Asian low-cost producers, such as Bangladesh, Cambodia and Vietnam, is putting pressure on traditional Chinese manufacturers.

Therefore, the challenge for these businesses is to transform into viable business entities through a restructuring process. If they do not, some of these businesses face certain bankruptcy, as the Chinese government will be tempted to showcase a few isolated cases.

[1] *CaixinOnline*, September 9, 2011

John Lees is director and **Daniel Martin** is a manager with John Lees Associates, a specialist accounting firm offering a wide spectrum of transactional, turnaround, forensic and corporate recovery services in the greater Asian region, with offices in Beijing, Hong Kong, Macao and Shenzhen.

Launch of Business Rescue in South Africa

On May 1, Chapter Six of the New Companies Act launched business rescue in South Africa, which contains ground breaking legislation that has considerable implications for distressed companies. The TMA Southern Africa Chapter (TMA-SA) covered those implications in a program organized with the Companies and Intellectual Property Commission (CIPC).

The first part of the presentation featured Amanda Lotheringen, head of business rescue at the CIPC, who discussed:

- Status of accreditation of professions and licensing of business rescue practitioners
- How to file for business rescue
- How to register as a business rescue practitioner.

TMA-SA directors Jan van der Walt and Alastair Macduff later posed questions to each other about their respective experiences and challenges encountered in business rescue appointments. Afterward, they invited their clients to share experiences that triggered their decision to undergo a business rescue.

Audience members also participated in the discussion that covered:

- Actions to take after appointment
- How different stakeholders react to business rescue
- Negotiations
- Dealing with uninformed creditor attorneys
- Sureties versus guarantees
- Actions to take during the first 10 days
- How to handle the first meeting of creditors and employee representatives
- How to prove claims – form, issue of no interest
- How to prepare the business rescue plan
- The meeting to determine future of the company.

Amanda Lotheringen, head of business rescue at the Companies and Intellectual Property Commission (CIPC), discusses basic steps in filing for business rescue.

Attendees listen as speakers discuss new business rescue legislation during a TMA Southern Africa Chapter education program in September.

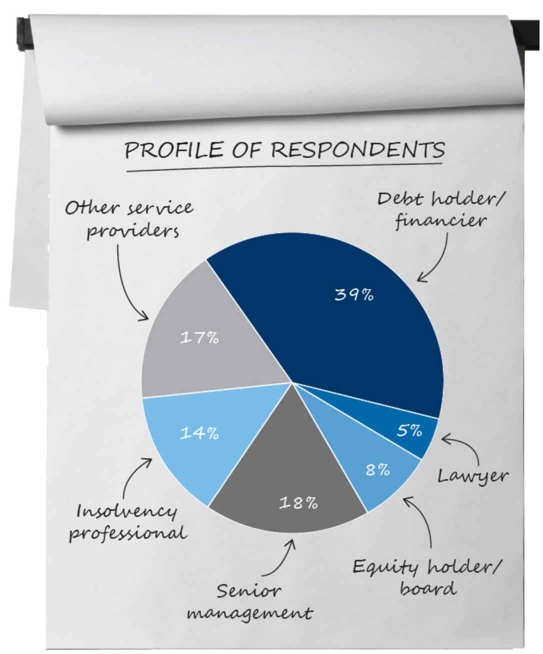
TMA Australia Survey Pins Source of Retail Distress

Retailers are more likely to close stores to address problems caused by too much debt, according to a TMA Australia Chapter survey conducted with the turnaround advisory firm 333 Consulting.

Respondents included professional advisors, executive management, board members, debt holders, and equity holders involved with troubled businesses. Findings include:

- "Unsustainable debt levels" and "inadequate financial control" replaced subpar management as top causes of business distress in 2011 compared to the previous year.
- More than 75 percent of those surveyed believe the retail and manufacturing sectors will decline in the 2012 fiscal year.
- 59 percent of turnarounds addressed at least one significant initiative from each of the four major categories of solutions – balance sheet, pricing and revenue, working capital and operations/costs – indicating businesses continue to take a holistic approach toward fixing problems.
- Retailers have increased their use of cost-cutting measures, such as closing sites and business units, and exiting products or markets.
- Consumer confidence is at an all-time low, a factor likely to keep the pressure on retailers and their landlords.

This is the second year the chapter has surveyed members about industry trends. View the full survey analysis on the TMA Australia Web site turnaround.org.au/



Scenes

TMA Australia National Conference and Awards Dinner

The 2011 TMA Australia National Conference and Awards Dinner, August 31-September 2, was a stellar event blending topflight industry education and celebration of the work TMA members perform each day to rehabilitate troubled companies.

The first day of the conference presented sessions on successful turnaround cases and others that fell short; "trips and traps" encountered in converting debt to equity; use of social media and the Internet by industry professionals; and whether lawyers help or hurt turnarounds.

At the awards dinner that evening, James Talia, a senior television reporter with Nine Network, served as master of ceremonies and Ross Oakley, CEO of Victorian Rugby Union, and the Melbourne Rebels, gave a keynote address.

Education sessions on the last day covered bank-led workouts, hurdles in the pharmaceutical industry, and the potential global impact of the fast-approaching wall of debt maturities.

The event drew 150 conference delegates and 300 dinner attendees.

▲ TMA Australia President Adrian Loader, left, with George Svinos, KPMG and Bernie Brookes, CEO of Myer, who discussed the turnaround of Australia's largest department store chain.

2011 TMA Australia SME Turnaround of the Year Award Winner

▲ Glen Sauer, senior associate, Minter Ellison Lawyers; Adrian Loader, managing director, Allegro Funds; Grant Wilkins, CEO, Discovery Holiday Parks; John Nestel, TMA Australia vice president; and Gareth Cope, managing director, Rothschild Australia

At-a-Glance:

- Discovery Holiday Parks, largest owner & operator of caravan accommodation parks in Australia, become heavily overleveraged, with debt representing 12x EBITDA, and faced a slump in tourism resulting from the global financial crisis.
- Discovery's operational improvements included the disposing of underperforming caravan parks, which provided the basis to attract capital and restructure the balance sheet.
- Since 2008, EBITDA has improved by 39 percent and the company has reduced leverage to 5x EBITDA; more than $65 million of equity value has been generated since 2008.

2011 TMA Australia's Large Company Turnaround of the Year Award

▲ Anthony Jenkins, executive senior director, GE Capital; Drew Semken, CEO, Force Corp; Ian Johnson, managing director, Helmsman Capital; and Chris Mundey, managing director, Helmsman Capital (The firm, Norton Rose also involved.)

At-a-Glance:

- Force Corp, founded in 1994, provides access machinery hire for some of the country's largest commercial, industrial and infrastructure projects.
- In 2008 Force was in default for $100 million in bank debt that was supported by $14.6 million in EBITDA.
- Helmsman invested in Force and facilitated a multi-stage management strategy.
- Restricting replacement capital expenditures for 18 months contributed to $57 million debt reduction.
- EBITDA is now $46 million with significant margin improvements and company has a larger fleet; equity value has grown by $150 million in 4 years.

Special Award – 2011 TMA Australia Restructuring Deal of the Year

TMA member firms involved: Anchorage Capital Group; Baker & McKenzie; Blake Dawson; Corrs Chambers Westgarth Lawyers; Freehills; Moelis & Company; and Rothschild Australia Ltd

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At-a-Glance:

- Alinta Energy, an Australian energy company with interests in nine power stations, owed $3.1 billion to its senior creditors
- $2 billion of senior debt was swapped for equity in Alinta, transforming the balance sheet and saving the business.

2011 TMA Australia Turnaround Professional of the Year

▲ Michael Fingland, award winner and group managing director, Vantage Performance, and John Nestel, TMA Australia vice president.

2011 TMA Australia Member Contribution Award

▲ Ian Johnson continues to play an important role in the development of TMA Australia. He joined the board in 2006 and two years later, became president, and then, chairman.

2011 TMA Australia and University of Technology CTP Top Student Award

▲ Brian Leis, University of Technology and award winner Tarun Sankaran, manager, corporate advisory and restructuring, PwC, who participated in the two-year-old program that continues to draw interest from major corporates and financial institutions.

In Brief

November 2011

Scheduled launch TMA Europe Web site

November 9

TMA EUROPE PRESIDENTS MEET

Presidents for TMA Europe will meet from 3:30 p.m. - 5:30 p.m. in London.

November 9-10

TMA UK CHAPTER GETS READY TO CELEBRATE 10 YEARS

The annual conference, November 10 at The Royal College of Physicians in London, will present panel sessions on industry trends from the perspectives of various stakeholders involved in a corporate turnaround. Keynote speakers include Dennis Turner, chief economist, HSBC; Tara Brady, CEO Southend Football Club; Tony Lomas, partner at PwC, who is lead administrator for Lehman Brothers' UK and European operations; and Brendan Barber, TUC general secretary. The conference will offer two master classes and a workshop, along with numerous networking opportunities.

To mark the chapter's tenth anniversary, a black-tie dinner and casino will be held at The Waldorf Hotel in London the night before the annual conference. Read more on the TMA UK Web site, www.tma-uk.org.

November 24

TMA Germany Chapter hosts Annual Conference in Frankfurt.

December 15

DEADLINE TO SUBMIT INTERNATIONAL CHAPTER OF THE YEAR AWARD

TMA is now accepting entries for the 2011 International Chapter of the Year Award and other honors, including the Outstanding Individual Contribution Award. Visit turnaround.org for the entry form and instructions. The awards will be presented at the 2012 TMA Spring Conference, April 3-5 at the Grand Hyatt Atlanta.

2012 TMA Distressed Investing Conference
January 18-20 | Las Vegas, Nevada
The Cosmopolitan of Las Vegas

January 18-20

2012 TMA DISTRESSED INVESTING CONFERENCE IN LAS VEGAS

The 2012 TMA Distressed Investing Conference features outstanding networking and deal-making opportunities as well as a full education schedule covering the latest distressed investing topics. Stuart Varney of the Fox Network is the keynote speaker. An economist educated at the London School of Economics, Varney is a Peabody Award-winning journalist and founding member of CNN's business team.

Taking place at The Cosmopolitan of Las Vegas hotel, the conference also features the Turnaround Capital Forum and Cocktail Reception and the opening Cocktail Reception hosted by TMA and the Commercial Finance Association. Take advantage of this great opportunity to make connections with private equity and hedge fund firms, debt investors, lenders, investment bankers, consultants, workout officers, brokers, and more.

Visit turnaround.org to register and make hotel reservations.

April 3-5

2012 TMA SPRING CONFERENCE IN ATLANTA

Save the date for the 2012 TMA Spring Conference at the Grand Hyatt Atlanta in Atlanta, Georgia.

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June 7-8, 2012

TMA SPAIN CHAPTER TO HOST 2012 TMA EUROPE CONFERENCE – SPONSORSHIPS AVAILABLE

The setting for this annual gathering of prominent industry professionals will be the chic Hesperia Hotel Madrid, one of the city's most luxurious hotels accentuated by Michelin Star restaurants and rooftop Jacuzzis. Sponsorship packages are available for the pre-conference banquet, the welcome drinks reception, lunch, champagne reception, morning and afternoon breaks, and the conference journal. The conference presents an opportunity for organizations to reach more than 150 top executives in the European and international corporate restructuring industry. Sponsorships are available strictly on a first-come basis. For more information, email Mandy Caruana at mcaruana@tma-europe.org.

September 5-7, 2012

TMA ASIA PACIFIC CONFERENCE

Four Seasons Hotel, Sydney, Australia

Hong Kong

TMA Executive Board approved the establishment of an affiliate in Hong Kong September 26.

TMA Czech Republic Chapter sends proposal to Ministry of Justice

In June 2011, TMA Czech Republic finalized a consultation process among its members and submitted to the Czech Ministry of Justice an extensive list of observations regarding the practical functioning of the new Czech Insolvency Act, which took effect in January 2008. The document, which also contains recommendations for revisions to the law and its application, received positive press coverage. TMA Czech Republic looks forward to working with the Czech authorities on a review of the workings so far of the new insolvency system which, according to the ministry, will take place this year and next.

Have you read the new TMA Europe News? Launched in June, the monthly newsletter launched circulates to more than 1,000 TMA Europe members. It contains news, events and activities from all TMA Europe. To receive the newsletter, contact Mandy Caruana at mcaruana@tma-europe.org.

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