Merrill DataSite and The M&A Advisor Present

THE ROAD TO RECOVERY

SECTION II

MASTERING THE ART OF DISTRESSED INVESTING

VALUABLE GUIDANCE FROM THE MOST ACTIVE MIDDLE MARKET M&A PRACTITIONERS

BEST PRACTICES OF THE BEST DEALMAKERS

FIRST EDITION: PART 3 - SECTION II

Introduction

Drawing on the experience and expertise of the “best in class” dealmakers, The M&A Advisor, together with the leading provider of virtual deal management services, Merrill DataSite®, publishes the quintessential dealmakers guide series - **“The Best Practices of The Best M&A Dealmakers.”**

Profiling the proven strategies and unique experiences of the leading M&A practitioners, “The Best Practices of The Best M&A Dealmakers” series is distributed in regular installments for M&A industry professionals in both print and interactive electronic media. Previously published features and chapters are also available in the online library of Merrill Datasite and The M&A Advisor.

We are pleased to present **Part 3 - Section 2: The Road to Recovery - Mastering the Art of Distressed Investing,** which discusses best practices for buyers of distressed companies or its assets. As with Part 1, which focused on best practices from the seller’s perspective, this installment features candid interviews with leading practitioners and analysis of the most current trends in restructuring and reorganization.

The "art of the deal" is to uncover hidden value, weigh it against the higher risk, and establish the right deal structure, price and timing to maximize value.

Albert Notini, senior advisor at private equity firm New Mountain Capital, and his team identified a distressed investment opportunity in a technology company that was trying to sell long-term services as well as computer products. "The theory was that they were touching so many customers with these products that they could up-sell them with services," Notini said, "Wrong. What happened was that both sides of the business were stalling out because the cycle time for selling a product was very rapid with no backlog, but the cycle time for selling services was multi-year. So they had this sort of inconsistency where all the profits were coming from the service side but all of the energy from a sales point of view was going into selling the next hot (computer) 'box.' So you had a sense of living to fight the day, but leaving the big money on the table."

Albert Notini on identifying hidden value in distressed companies.

Notini and his team ended up breaking the business into two companies. "We found, when we broke the business apart, all kinds of stranded costs where people had a foot in both sides but weren't really adding value. We ended up, by doing that, with two healthy companies, both of which ending up growing pretty well. We exited at very attractive multiples."

As Notini's story illustrates, troubled companies can yield an attractive return on investment (ROI) for distressed investors, provided they have the insight and the know-how to choose the right targets and reposition them to drive value. But distressed investments also carry a decidedly higher degree of risk. To succeed, buyers need an investment strategy and execution plan that steers their efforts toward the right targets. The "art of the deal" is to uncover hidden value, weigh it against the higher risk, and establish the right deal structure, price and timing to maximize value.

Distressed M&A transactions are more complex, require more in-depth due diligence and are subject to even more compressed timeframes than M&A transactions for "healthy" companies. This is an area of investing where experienced dealmakers usually prevail over newcomers. The most successful deal teams are

those who know their industry/market opportunity very well and who are also very experienced in working with distressed companies. As noted in a Deloitte study "Distressed M&A: Leveraging Opportunity in a Downturn," this is an area of investing where what you don't know can definitely hurt you.

Creditor Committees and Other Influential Parties in Distressed Investing

In addition to taking on investments that carry a higher risk, distressed investors must be prepared to negotiate with not just one, but potentially many stakeholders who are seeking to benefit from the deal. The purchaser or investor is often required to negotiate with and/or placate multiple constituencies, including (i) senior and junior lien holders (ii) trade creditors, (iii) an unsecured creditors' committee, and (iv) a bankruptcy judge.[1] As a result, the buyer must be able to address a wide array of financial obligations and negotiation tactics beyond those encountered in traditional M&A transactions.

Equally important, various stakeholders often take an early and involved interest in a company's restructuring plans. Consider, for example, the bankruptcy proceedings for American Airlines' parent company AMR, a publicly held company with thousands of stakeholders. In this instance, a distressed investor must be ready to negotiate with a large number of shareholders, secured debtors and unsecured debtors, employee unions, creditor committees and more.

For such troubled companies, the future is built on a foundation of compromise. In the case of AMR, "there does need to be shared and balanced sacrifice across the financial stakeholders," said Jack Butler, internationally recognized leading attorney and partner at Skadden, Arps, Slate, Meagher & Flom LLP & Affiliates also a member of the legal team for the unsecured creditors' committee of AMR Corp. Butler noted, "I think what the creditors are focused on isn't just the cost side, it's the revenue side. How do you turn this airline, transform it back into a competitive global airline that is going to have an opportunity for future growth? Because in order for people to share in sacrifice they have to see a future. They have to see a direction."

The investors of any distressed company, regardless of its size, must understand the needs of its various stakeholders. Moreover, they must also be

1. Nathan Coco, "The Top Five Traps in Distressed M&A Transactions," The National Law Review.

able to communicate well and consistently, and balance stakeholders' often conflicting desires with their own overall goal to drive value in their investment. Without effective communication to keep negotiations moving, value is lost rather than realized. For a lively M&A Summit Panel discussion on the complexities of stakeholder negotiations in industries such as the airlines, CLICK HERE . "Distressed Investing - Good Deals in Bad Times."

Wilbur L. Ross on distressed investing strategies.

Those who have succeeded in this arena have done so by creating a clearly defined investment thesis that guides all of their decisions. Indeed, in certain market conditions, these investors narrow their scope even further to the core business sectors they know best. As Wilbur L. Ross noted at a recent M&A Advisor Distressed Investing Summit, "Our strategy for this year is even more than usual to focus on a couple of individual sectors and to try our work there."

The rewards in acquiring a good distressed target can be high, but they're usually reserved for those who make the most informed decisions.

The Distressed Investing Landscape (The Players)

The opportunity to buy or invest in a distressed company attracts a number of buyers and financial advisors including:

1. Private equity/distressed investors
2. Distressed debt purchasers (that either buy the debt for its potential ROI or to gain a control position in the company)
3. Strategic buyers/corporations seeking to solidify or expand their footprint
4. Turnaround executives or managers who promote the deal and may help operate the company after bankruptcy
5. Distressed investment bankers promoting and financing the transactions

Some companies participate as purely financial investors, purchasing the distressed company's secured or unsecured debt as a means to diversify their portfolio. These investors steer clear of targets that will require both financial and operational management in order to gain the desired ROI. Others take a more strategic approach. Such as acquiring targets at a discounted price and add their own financial, management and operational resources to turn the company around.

> "There is a world of difference between someone that can manage a distressed company and somebody that can manage a company." ~ Mike Heisley

Strategic investors also bring in additional management resources to turn a distressed company around because existing management often lacks this experience. As noted by veteran investor Mike Heisley, co-founder and principal of Stony Lane Partners, "There is a world of difference between someone that can manage a distressed company and somebody that can manage a company."[2] Nonetheless, no matter how much forethought and planning goes into a distressed investment, there is no guarantee that a distressed asset will yield the value the buyers envisioned.

The following pages provide insights into how the most experienced distressed investors approach this area of opportunity.

Sources of Distressed Opportunities

Distressed investors uncover potential targets through a number of channels, including investment banks, bankruptcy courts/filings, turnaround specialists, law firms and other advisors. Many distressed investors also conduct their own research to uncover opportunities that may not yet be on anybody's radar. These investors monitor potential acquisitions by watching for additional indicators of distress such as:

- Rating downgrades of the company's debt
- Asset sales or equity offerings
- Changes in senior management
- Layoffs
- Pursuit of union concessions
- Exits from certain business lines
- Impending regulatory investigations[3]

Given the potential for the high ROI that can be gained, many investors will go to great lengths to identify diamonds in the rough. There is plenty of competition for good targets, as observed by Tim Coleman, senior managing director and head of the restructuring & reorganization group for Blackstone, a leading global investment and advisory firm. "Everyone, whether they are an advisor or an investor, is

2. "Bright Stars Among Dark Clouds: Leaders in Distressed Investing Strategize," Distressed Investing Report, May 2009.

3. John M. Reiss, Matthew J. Kautz, Thomas E. Lauria and Gerard H. Uzzi, "M&A Strategies for Bankruptcy and Distressed Companies: Leading Lawyers on Asset Valuation, Deal Structure, and Risk Management," Important Tools in Distressed M&A Transactions, White & Case, LLP. After 2009.

constantly looking for that angle to find that something – that opportunity – that nobody has been thinking about," he said.

What Investors Need to Know About Distressed Investing

Experienced distressed investors advise any buyer who is new to this arena to proceed with caution. When the target is distressed, it's even more critical to gain a clear understanding of the target's operations in order to gain a sense of its true potential to deliver value. Buyers should be very wary of misjudging the target and becoming saddled with a turnaround that requires a much deeper investment in skills and resources than they are prepared to take on.

The best investors establish a clear investment thesis and do not let themselves be swayed by outside factors. For example, a company may be tempted to buy a distressed competitor just to prevent others from acquiring it. Or it may view the acquisition of a distressed competitor as a way to rapidly expand its product line and sales territory. These decisions, when made in a reactionary mode, can be disastrous. The best insurance against making the wrong acquisition for the wrong reasons is to align every step of the process with the objectives of a well-developed investment thesis.

Financial and Operational Considerations

In looking for the sources of distress, buyers should avoid the misconception that financial distress is solely caused by a company taking on too much debt. Focusing too much on a company's debt levels can fool a buyer into thinking that the company's problems can be solved simply by restructuring the debt.[4] In reality, most troubled companies become distressed through a combination of factors. The challenge lies in getting an accurate picture of the company's finances, its operations and its potential for future growth, given the internal and external challenges and opportunities it faces. This broader diligence is necessary to uncover the company's true value potential and whether it can realistically be achieved.

Distressed companies can range from challenged companies with bad balance sheets to good companies with bad balance sheets and everything in between. Gaining an accurate understanding of where the potential target truly sits in that spectrum is critical. Jay Greyson, managing director and partner of investment bank Vetus Partners, cautions investors to have a clear definition of the kind of distressed investment they are seeking before they get too involved with a potential target.

4. John M. Reiss, Matthew J. Kautz, Thomas E. Lauria and Gerard H. Uzzi.

> The most successful investors bring in a team of senior operational, legal and financial experts who understand both what it takes to run the business and what a successful restructuring needs to look like.

"A company can be in distress for a number of reasons," Greyson said, "There are companies out there that are really good businesses but they have much too much debt on the books. Maybe the debt was put on at a time when things were at a peak, but in an economic turndown, if they have too much debt on the books, they may start breaking covenants and can't service the debt."

For these companies, Greyson says, the investor may be able to drive value by affecting a financial turnaround. However, at the other end of the spectrum are those businesses with a broken business model as well as financial problems. Turning these companies around will require the investor to invest time and money into organizational, operational and financial restructuring initiatives. This represents a much more involved commitment, but it has proven to be a worthy investment strategy for companies who know exactly what it will take to turn the company around and maximize its value. In these cases, many of the most successful investors bring in a team of senior operational, legal and financial experts who understand both what it takes to run the business and what a successful restructuring needs to look like.

Deeper Due Diligence to Identify the Right Targets

In the distressed arena, traditional due diligence checklists and models don't necessarily include all a buyer needs to make an informed decision. Uncovering the value opportunity in a distressed target requires an investigative approach that goes beyond traditional due diligence. Practical operational analysis should play a significant role in the decision process. Moreover, the analysis should be managed by financial, legal and operational professionals with a solid track record of working with distressed companies.

The due diligence process should be handled very carefully in order to prevent the acquisition of the wrong target, according to turnaround specialist Patrick O'Keefe of O'Keefe Associates:

> "You have to understand why the company may be experiencing some distress and what makes it an opportunity for an acquisition, so you can then understand what needs to change," O'Keefe said, "What you don't want is a company that is in distress because they're too early in their growth cycle and have too many unknowns in front of them, such as a potentially unproven technology or customer base that is not yet sufficiently diversified. On the flip side, you don't want a company that is too late in their economic cycle, where the best you can hope is a dead cat bounce – where the business is really dead and you can maybe run it a little more profitably, but the underlying fundamental business is no longer competitive."

Experienced distressed investors also weigh a host of factors that go beyond operational and financial performance. For example, at a recent restructuring and turnaround conference hosted by the Wharton Restructuring Club of The Wharton School at the University of Pennsylvania, panelists identified several key elements that investors should identify before making an investment in a distressed business:

- **Cost position:** Know the cost position of your target as it is the "ultimate arbiter of corporate conflict." An investor must know the cost position of the company it is investing in relative to that of its peers in order to gauge their ability to compete.
- **Competitive Landscape:** Avoid industries where competition is savage, this was likened to sharks fighting with knives. These types of investments rarely work out, particularly when combined with the added constraint of leverage, which leaves very little room for error.
- **Historical Performance:** How did the company perform in the 08-09 crisis? Several panelists at the Wharton Conference noted that bankers are leaving the 08-09 financials out of their confidential information memo randums, which is a bad sign. It is important to understand how the company performed under stressful scenarios in order to gauge its ability to withstand another shock and preserve the equity invested.
- **Management:** Finally, it is important to know how management handled the last downturn. Were they a deer caught in the headlights or did they respond aggressively and proactively? It is important to see how those who are going to be managing your company perform in the face of adversity. [5]

There are many factors that contribute to a company's distress. Acquiring one without a clear purpose and in-depth risk analysis can destroy rather than create value for the buyer. "Because the risk/return paradox is so different in healthy

5. "Notes from the 2012 Wharton Restructuring Conference" http://www.distressed-debt-investing.com/2012/02/notes-from-2012-wharton-restructuring.html

> Companies who have mastered distressed investing on their home turf may not be aware of all that they need to know to accurately evaluate a cross-border target.

versus distressed markets, thorough due diligence is even more important when contemplating a distressed transaction. Issues that may not be of great concern in a healthy company may be 'make-or-break' factors when considering a distressed company."[6]

Some Additional Considerations Before Taking on Cross-border Targets

Experts also advise investors to take care when entering into the global distressed investment arena. Companies who have mastered distressed investing on their home turf may not be aware of all that they need to know to accurately evaluate a cross-border target. Governmental and cultural factors can play a pivotal role in creating a winning deal. One of the biggest mistakes an investor can make is to acquire a target without clearly understanding the risks related to cross-border distressed investments. For example, according to Marcel Fournier, senior managing director of private equity firm Castle Harlan, distressed investors considering European targets should be aware of additional factors that can affect their ability to achieve their investment goals.

Specifically, Fournier advises investors to understand the powerful role that governments and unions play in European companies, particularly in times of reelection and high unemployment. "Unions are a part of life in Europe, much more than we're used to seeing in the United States; and governments are part of business life as well," Fournier said, "Your ability to restructure the base employee is far more limited, generally, in Europe than in the United States." Fournier added, "Essentially in some cases, the government negotiates on your behalf whether you like it or not for entire industries or sectors, and then you have to implement that."

Another important factor to consider in identifying targets, according to Fournier, is that European companies have not been as free to adjust their workforce as American companies have. "It has been very striking to see in an American recession how quickly and profoundly American companies have adjusted in a matter of months," he said, "This is not the case in Europe and not the habit. Governments, unions, local elected bodies will stand in your way, so that has to be taken

6. Deloitte, "Distressed M&A: Leveraging Opportunity in a Downturn," February 2009.

into account in timing and cost and your overall ability to do so."
Fournier summarized, "Many of the turnarounds we see in Europe suffer from gross over-employment and we have passed (on them) in many cases for that reason. So in terms of distressed opportunities, I would personally focus on those (turnarounds) that have simply been poorly managed or have suffered from financial distress, and I would be extremely careful on anything that requires deep and substantial adjustment of the workforce. Because governments will give in to public pressure if they have to."

Marcel Fournier on distressed investing in Europe.

Additionally, distressed investors interested in cross-border bankruptcies need to take the time to understand how bankruptcies are handled in the target's country. Bankruptcy procedures are not uniform across the European Union (EU); they are still managed according to the specific laws of each EU country. Sorting through the complexities of a bankrupt company with assets in Italy, France and Germany, for example, may be more challenging than an investor wants to take on.

Investment Strategies of Successful Distressed Investors

To improve their odds for uncovering value-creating opportunities, the best distressed investors focus on the market sectors where they have the most experience and expertise. For this reason, many experts cite serial acquirers rather than occasional acquirers as being better at distressed investing. In one study of 26,000 transactions executed between 1988 and 2010, The Boston Consulting Group came to the conclusion that "serial acquirers produce superior returns when they focus on distressed assets. Although all acquisitions are complex … purchasing a distressed business makes the exercise much more complex because there is often an urgent need to restructure the target, as well as limited access to information during the due diligence process. Serial acquirers appear to excel at turning this complexity into value." [7]

This is also an area where strategic investors shine. The most successful firms focus on specific industries and generally take a longer view in terms of quantifying their upside. In the opinion of Tim Coleman of Blackstone, "The strategic investors do well at this, because they know the business so well that they could go in and run it if they had to." He continued, "Certain financial investors also do well, because they know how to leverage the operational and industry expertise of their portfolio companies to assess a target."

7. "Does Practice Make Perfect? How the Top Serial Acquirers Create Value," (The Boston Consulting Group, The Leipzig Graduate School of Management, April 2011.

"We've learned as a firm, that for our model to work effectively, we need to have control." ~ Anthony Polazzi

Within that framework, the most successful investors further refine their investment criteria to size up opportunities according to their firm's specific goals and experience. For example, an investor may:

Focus on Gaining a Controlling Interest

Anthony Polazzi on distressed investing strategies.

Some investors may take a minority interest in a target as a means of getting a foot in the door, but for others, gaining a controlling interest is a 'must,' as explained by Anthony Polazzi of Sun Capital Partners. "We've learned as a firm, that for our model to work effectively, we need to have control. We have experienced it from the minority perspective of being a board member and the frustration of watching the board meet quarterly, and deciding on something, but it doesn't get implemented until the next board meeting or the next board meeting after that," Polazzi said. "By then it's too late. So from our perspective, the first step is control because you need to enact change quickly. Even if you make the wrong decision, it's better than no decision, because the 'Number 1' issue in distressed situations is usually inertia."

Uncover Value in Industries in Decline

Anthony Polazzi on investing in industries in decline.

Some distressed investors have found value by capitalizing on companies whose products are facing imminent, but not immediate extinction. However, as Polazzi of Sun Capital pointed out, timing is critical. "It's important to understand over what time period and how quickly is the destruction of that industry," he said. "Some industries move very quickly but some take a long time. We very successfully owned, for a period of time, a company called Genicom, a dot matrix printer company. Of course when we bought it everyone said, 'dot matrix printers are going away, and you've got lasers, ink jets and all of this stuff.' But the reality was that the government wasn't going to turn around and get rid of all their dot matrix printers the next day,

even though maybe the cutting edge businesses were. There are still dot matrix printers in use today. You might have a harder time finding them today, but they are there."

Identify Opportunities In Transformations

Randall Eisenberg on analyzing distressed companies undergoing transformation

"I think another way to look at opportunities is to look for companies that are undergoing transformations," said Randall S. Eisenberg, Senior Managing Director of FTI Corporate Finance practice. "There are a series of companies, that because their industries have evolved for one reason or another, need to change their business model, and those that move too slowly will get caught up in some sort of restructuring that's ripe for distressed investors to take a look at and be active in."

Focus On The Market Segment With Limited Access To Refinancing

Henry Miller on identifying distressed investing opportunities.

Henry Miller, Chairman of Marblegate Asset Management, noted that his firm focuses on the middle market, where distressed investing opportunities can be found by identifying troubled companies who have little access to credit. "Financial regulators like the FDIC are leaning very hard on banks to get rid of assets that are troubled, and to make it difficult for them to provide financing in the middle market," Miller said. "So the issue to me at least is access to capital. If companies have access to capital then they can figure out a solution that works. If they don't have access to capital, whether they're distressed or not, they are going to be driven to a form of restructuring because it's the only solution available to them in the absence of a capital market solution."

Identify Assets That Can Be "Carved-Out"

Some distressed investors focus on "carving out" assets from a distressed company and setting them up to operate independently. These investors target large businesses or corporations with embedded business units or divisions that are unprofitable, often because huge overhead allocations from the corporate umbrella are choking the business unit.

If companies have access to capital then they can figure out a solution that works. ~Henry Miller

According to Jay Greyson of Vetus Partners, this is a specialized area of investing that can be very profitable for distressed investors – if they have the right expertise. In his opinion, this strategy works best when it's managed by a deal team and advisors with deep knowledge in the target's specific industry. His firm has found this industry knowledge to be so critical to this process that it has focused its investment banking business on targeted industries. "We sit with the managers and we ask them, What if we start with a clean slate? If you were taken out of the parent company, what expenses would go away and how would you restructure?"

In these situations the goal is to create, on a proforma basis, a P&L and balance sheet that will indicate if the carve-out will yield a profitable business. Understanding what it takes to carve out such an opportunity takes specialized expertise. Firms who have successfully engineered such transactions staff their teams with senior professionals who have worked in the industry and have directly related operational experience that is necessary to create a workable multi-year business plan that will drive value.

"M&A Summit Panel: The Road Back: Navigating Companies in Challenging Times"

The above examples highlight just a few of the ways experienced investors work to uncover "diamonds in the rough." For a more detailed discussion of how distressed investors and advisors find opportunities, click on the photo on the left to watch an M&A Summit Panel: "The Road Back: Navigating Companies in Challenging Times."

Structure The Deal

One of the most important decisions that a purchaser must make in connection with a distressed M&A transaction is how to implement the sale. The decision may be driven by a myriad of factors, including (1) the nature and complexity of

Many experienced distressed investors also define their exit strategy early on, before the transaction is consummated, if possible.

the business and its assets; (2) the seller's need for operating capital in the interim period prior to a closing; (3) the extent and priority of the existing liens; (4) acrimony among creditor constituencies; and (5) the time available to complete the transaction. Choosing the wrong approach may jeopardize or complicate the execution of the transaction.[8] Experts advise buyers to seek the advice of financial and legal counsel who have directly related experience in structuring distressed asset transactions.

Plan For A Successful Turnaround to Drive The Greatest Value

Once value has been identified, turnaround experts like O'Keefe also advise would-be buyers to factor the cost of integrating the new asset into the purchase price. If this is not taken into consideration in setting a price, the buyer may find that the asset they purchased in pursuit of adding value to the company may actually have the opposite effect. "No one really focuses, from the deal team perspective, on the fact that once the acquisition is done, how quickly they must move to identify the synergies that make the target a good acquisition," he said. "This is just as important, because if you have levered the transaction to any capacity with these potential synergies and you don't get them on a timely basis, then you'll overpay for the transaction." O'Keefe sees this as a critical aspect of the transaction where investors make a lot of mistakes.

In his experience, fund managers are often willing to spend money very quickly on an acquisition in terms of purchase price, but they won't spend money on the due diligence or the turnaround effort, where they could uncork some additional value. "From my standpoint, that should just be an added amount to purchase price that you have to pay to get the opportunity repositioned in a way that makes sense and to provide the greatest returns," said O'keefe.

Define The Exit Strategy Upfront

Many experienced distressed investors also define their exit strategy early on, before the transaction is consummated, if possible. Typically a financial investor such

8. Nathan Coco.

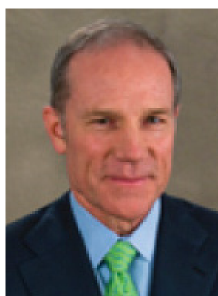
as a private equity firm has a holding period of three to seven years for the turnaround and sale of an asset. A corporate/strategic buyer can and may hold onto the asset for a much longer period of time. The key is to make sure that the potential upside of a distressed investment can be realized in the time frame and according to a strategy that is aligned with the buyers' investment goals and capabilities.

Summary

Success in distressed investing is achieved by having the right experience, a good investment thesis and an exemplary team of legal, financial and operational advisors who specialize in working with distressed assets. The successful investor knows how to combine these elements into an extremely effective foundation for sound investment decisions. Equally important, successful investors know how to maintain a healthy sense of realism in every opportunity and do not lose sight of the end game – identifying targets to maximize value for their shareholders.

Contributor Biographies

Mr. John Wm. (Jack) Butler is a Partner at Skadden, Arps, Slate, Meagher & Flom LLP. During Jack Butler's time at University of Michigan's law school, the bankruptcy code of 1978 was passed, fortuitously providing him with the opportunity to learn the revolutionizing discipline of reorganization of distressed business. After a decade spent gaining legal experience at two Michigan law firms, he joined Skadden in 1990 as a partner and developed, what is today, one of the world's most respected restructuring practices. Since then, Butler has been identified as one of the finest dealmakers by leading notable transactions such as the restructuring process of Delphi Corporation in 2010. Today, he is consistently recognized as a "leading lawyer" as he continues his focus on corporate restructuring and reorganization. In addition to his notable business accomplishments, Butler is also respected for his generous contributions to the Chicago area.



Timothy Coleman is Senior Managing Director and Head of the Restructuring & Reorganization Group at Blackstone. Mr. Coleman also serves as a member of Blackstone's Executive Committee. Since joining Blackstone in 1992, Mr. Coleman has worked on a variety of restructuring and reorganization assignments for companies, creditor groups, special committees of corporate boards, corporate parents of troubled companies and acquirers of distressed assets. Mr. Coleman's most notable assignments include Adelphia, AT&T, Bear Stearns Asset Management, Geneva Steel Company, Guangdong Enterprises, Harrah's Jazz Company, JPS Textile Group, Inc., Koll Real Estate, Xerox Corporation and XL Capital. The International Financing Review recognized Mr. Coleman's efforts in the restructuring of C-BASS by naming the transaction the Restructuring of the Year in 2008. Before joining Blackstone, Mr. Coleman was a Vice President at Citibank, where he divided his time between corporate restructuring, real estate restructuring, and loan syndications. Mr. Coleman is a frequent guest lecturer at Columbia University and New York University. He is a member of the in Motion Board of Directors and the Board of Leaders of the Marshall School of Business at the University of Southern California. Mr. Coleman received a B.A. from the University of California at Santa Barbara and an M.B.A. from the University of Southern California.

Randall S. Eisenberg is Senior Managing Director at FTI's Corporate Finance practice and is a Co-Practice Leader of FTI's services for underperforming companies. He has extensive experience advising senior management, boards of directors and equity sponsors on how to revitalize companies that are stagnant, underperforming or in crisis. Mr. Eisenberg has led many high-profile national and international assignments across a multitude of industries. He is a past chairman of the Turnaround Management Association, a past president of the Association of Certified Turnaround Professionals, and a Fellow of both the American College of Bankruptcy and International Insolvency Institute.

Marcel Fournier is Senior Managing Director of Castle Harlan. Before joining Castle Harlan, Mr. Fournier was Managing Director of the investment banking group of Lepercq, de Neuflize & Co., Inc., New York, where he was responsible for the origination and implementation of various acquisitions, both domestic and international, for the firm and for its clients. Before joining Lepercq, de Neuflize, Mr. Fournier was Assistant Director of the U. S. office of the agency of the French prime minister, responsible for reviewing and assessing all foreign investments in France. Mr. Fournier was born and raised in France where he graduated as a Civil Engineer from the Ecole Spéciale des Travaux Publics in Paris. He received his M.B.A. from the University of Chicago, and his Master of Economics from the Université de la Sorbonne in Paris.

Jay Greyson co-founded and serves as a Managing Director & Principal in the investment bank of Vetus Partners, the winner of seven M&A industry Awards in 2009 (The M&A Advisor's 8th Annual M&A Awards) including the coveted Boutique investment Banking Firm of the Year. Personally, he was named Dealmaker of the Year, the highest individual honor in investment banking. Jay is also a Co-founder & Partner in Supply Chain Equity Partners ("SCEP"), the world's only committed capital Private Equity firm focused exclusively on making investments in the Distribution & Logistics industry. A highly experienced corporate finance and advisory professional, Mr. Greyson has a strong background in analyzing, structuring, negotiating and executing complex financial and capital raising transactions, both domestically and internationally. He focuses on sourcing and leading the execution of private and public company sell-side Mergers & Acquisitions, corporate carve-outs and divestitures, management buyouts, buy-side programs, distressed and bankruptcy process sales, and international transactions. Uniquely, Jay combines his finance background with over a decade of extensive experience in the manufacturing, marketing and distribution of industrial products and services. Collectively, Jay has over 25 years of combined investment banking, private equity and business experience during which he completed numerous M&A transactions, including a significant number of cross-border deals.

Henry S. Miller is Chairman of Marblegate Asset Management, LLC since its formation in 2009. He was also Co-Founder, Chairman and a Managing Director of Miller Buckfire & Co., LLC from 2002, until his retirement in June 2011, and Chief Executive Officer until December 31, 2009. Prior to founding Miller Buckfire, Mr. Miller was Vice Chairman and a Managing Director at Dresdner Kleinwort Wasserstein (DKW), where he served as the global head of the firm's financial restructuring group. Before DKW, Mr. Miller was Managing Director and Head of both the Restructuring Group and Transportation Industry Group of Salomon Brothers. Mr. Miller received his B.A. from Fordham University College of Arts and Sciences (now called Fordham College at Rose Hill) in 1968 and an M.B.A. from Columbia University's Graduate School of Business in 1970. He is a Trustee of Save the Children, The Washington Institute for Near East Policy and Fordham University, a member of the board of directors of AIG and a member of the Board of Overseers of Columbia University's Graduate School of Business. Mr. Miller is a former Trustee of the Turnaround Management Association and was recently inducted into the TMA Hall of Fame.

Mr. Patrick M. O'Keefe is the managing member of O'Keefe & Associates. Mr. O'Keefe is recognized as an expert in the fields of corporate reorganization, debt restructuring, turnaround consulting, and refinancing solutions. Over the past 25 years of his career, Mr. O'Keefe has been active as a financial consultant and turnaround advisor to under-performing businesses in various industries including retail, construction, automotive, manufacturing, and real estate. He has successfully completed assignments in out-of-court and Chapter 11 restructurings. Previously, Mr. O'Keefe was President of the Detroit Chapter of the Turnaround Management Association, a past member of International Turnaround Management Association Board, and a former advisory board member of the University of Detroit Turnaround Management Program.

Anthony G. Polazzi is Managing Director at Sun Capital Partners. Mr. Polazzi has spent more than a decade working in private equity and leveraged finance. Prior to joining Sun Capital Partners in 2003, Mr. Polazzi worked as an Associate in the Leveraged Finance Group of CIBC World Markets. He received dual Bachelor of Arts degrees in Economics and Mathematics from Claremont McKenna College.

Albert A. Notini is Senior Advisor at New Mountain. Mr. Notini joined New Mountain in August 2007. From 2007 to 2011, Mr. Notini was the Chairman and Chief Executive Officer of New Mountain portfolio company Apptis Inc. From 2004 to 2007, Mr. Notini was the President and Chief Operating Officer of Sonus Networks, Inc. Prior to joining Sonus, Mr. Notini was the Chief Financial Officer of Manufacturers' Services Ltd. (MSL) from 2000 to 2004. Before MSL, Mr. Notini was Executive Vice President for Corporate Development and Administration at NASDAQ-listed Wang Global Corporation from 1994 to 1999. Mr. Notini began his career in 1984 at the law firm Hale and Dorr, LLP (now WilmerHale, LLP) where he was elected a Senior Partner. Mr. Notini served as Law Clerk to the Chief Justice of the Massachusetts Supreme Judicial Court from 1983 to 1984 after receiving his J.D. from Boston College Law School where he served as Editor in Chief of the Law Review. He holds his masters degree from Boston University and received his A.B. from Boston College, summa cum laude. He is currently a director of Deltek, Inc., Camber Corporation, Valet Waste and Iron Bow.

Wilbur Ross is the Chairman and CEO of WL Ross & Co. LLC. He has been involved in the restructuring of over $200 billion of defaulted companies' assets around the world. In 1998, Fortune Magazine called him "the King of Bankruptcy." In 1999, President Kim Dae Jung awarded Ross a medal for his help during Korea's 1998 financial crisis. Ross is a former Chairman of the Smithsonian National Board. Earlier, President Clinton had appointed him to the Board of the U.S.-Russia Investment Fund, and he served as privatization advisor to former Mayor Rudolph Giuliani. Ross serves on the Executive Committee of the New York City Partnership and of the Japan Society and is a member of the Chairman's Circle of the U.S.-India Business Council. He is a member of the Business Roundtable and is a Board member of the Yale University School of Management, which has presented him with its Legend of Leadership Award. He is also a member of the Committee on Capital Markets Regulation.

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