

# Restructuring today:

A white paper on trends and issues in  
today's restructuring market

May 2009

In association with



## Contents

Methodology	02
Executive Summary	03
An overview of the current market	04
Restructuring trends in the current market	
Insolvency codes compared: Europe and the United States	
Current restructurings	
Managing critical information and communication	08
Survey findings	09
Contacts	19

## Methodology

In March 2009, Remark, the research and publications arm of The Mergermarket Group, canvassed the opinion of 60 financial advisers and lawyers on a number of extant issues relating to the recent wave of corporate restructurings. Respondents had experience of working on restructuring deals and were drawn evenly from the United States (30) and Europe, Middle East and Africa (30). Responses were reported confidentially and in aggregate.

## Executive Summary

Clearly, time is particularly of the essence in today's restructuring market. Liquidity constraints, risk-averse lenders, falling profitably and general market uncertainty are all beleaguering businesses across the globe. As a result, the timeframe for stabilising operations, collating an information base, bringing in advisers and mapping out a rigorous restructuring framework has never been so compressed for companies entering a restructuring process.

Indeed, the research shows that a significant 84% of survey respondents believe the current economic environment has significantly (41%) or very significantly (43%) reduced the timeframe for planning a restructuring compared to 12 months ago. Moreover, nearly one half of those surveyed (48%) believe the compressed timeframe for planning will impact on the longer term chances for the success of the restructuring. And nearly two thirds of respondents (62%) say the quickly changing environment is impacting the accuracy and timeliness of information needed for a restructuring. As such, when a company enters restructuring situation, stakeholders highly value managing the workout process in the most time efficient way.

In addition to our survey, the white paper also includes an overview of the current restructuring trends in the US and Europe. Chief among these are increasingly complex debt and equity structures and the growing diversity of stakeholders in terms of both their interests and agendas. Consequently, there is an acute need for a secure and structured communication platform during the workout process – an overwhelming 98% of survey respondents indicate that organised and secure communication can help when restructuring a business. This need is driving an increased adoption of technology in restructurings as the parties involved aim to effectively manage and streamline the process.

However, there are several key differences between situations being witnessed in Europe and North America, and even within Europe itself due to distinct national insolvency codes across different jurisdictions. In this regard, the US and Europe contrast most markedly when comparing court-driven and out-of-court restructurings. In general, out-of-court workouts are preferred in Europe given that court-adjudicated restructurings often result in value destruction of the company – notably, this reflects the preponderance of bankruptcy codes geared toward overseeing insolvency proceedings and the liquidation of a business rather than its turnaround.

In contrast, the Chapter 11 bankruptcy code in the US is a tried and tested restructuring framework with a wealth of interpretive case law, which can guide stakeholders' expectations throughout the court process. Critics have argued that the preference for out of court workouts in Europe has left many national insolvency codes relatively untested and areas of bankruptcy law remain opaque. However, if the large majority of respondents (93%) who foresee a significant rise in the level of court driven restructurings over the coming 12 months are correct, then perhaps clearer, more rigorous legal restructuring frameworks will emerge in many European jurisdictions.

## Restructuring today: an overview of the current market

### Restructuring trends in the current market

The number of companies undergoing a period of restructuring is rising at an ever faster pace. The global nature of the financial crisis has meant that once stalwart corporates in both Europe and North America are now being forced to sit down with creditors and shareholders at the negotiating table to start the difficult workout process.

In some cases in the Financial Services and Automotive sectors, companies of strategic national importance have received unprecedented capital injections from their respective governments. However, for the majority of firms, many of which are faring no better in the current climate, such a financing option remains wholly unavailable.

### *Immediacy in times of crisis*

The fallout from the current crisis has spread to every sector across all markets with a marked rise in distressed restructuring situations. Indeed, the current environment has led to a number of identifiable trends affecting businesses entering restructuring across the globe. Foremost, restructurings today are increasingly crisis driven as more and more firms are breaching covenants, running into arrears and seeing cash holdings drain away at an astonishing speed.

Given the speed with which a company can encounter problems, the timeframe for implementing stabilisation measures, bringing in advisers and organising a comprehensive information base is more compressed than ever before. However, getting these steps right is indispensable for creditors and debtors in order to accurately evaluate the company's situation and decide what the best plan of action is for restructuring the business.

### *Reworking the balance sheet*

Predictably, in the current market lenders are much less accommodating when balance sheet restructurings require new capital injections or significant debt write downs. The result is fairly obvious – as one legal adviser who responded to our survey remarked, “The dramatic reduction in revenues together with the lack of flexible lenders has resulted in a freefall in terms of the number of filings.” Accordingly, there have been increased cases of capital structure reworking through debt-for-equity swaps or even outright insolvencies and liquidations.

In cases where new capital is invested in the business, cash is king and these stakeholders have a larger say in restructuring negotiations. While debt-for-equity exchanges have traditionally more prevalent in the US market, this kind of workout is becoming more common in European restructurings. However, this can often be a problematic solution not only for equity holders who see their equity diluted, but also for creditor groups. For example, banks do not regard such equity as an asset and this can be problematic when they are desperate to raise their capital ratio.

### *Competing interests: stakeholder agendas*

Meanwhile, in today's restructuring market, the diversity of stakeholders and agendas in restructuring negotiations are greater than ever, particularly for larger corporates. For instance, debt and equity structures are larger and more complex than in previous years – and financial stakeholders may very often have competing agendas. Accordingly, restructuring negotiations may tend to be more confrontational – for instance, senior note holders may push out junior creditors, while creditors holding protection through Credit Default Swaps may actually stand to gain more if failed negotiations trigger a payout. In addition, the composition of stakeholder groups can change quickly in today's fast moving market as debt and stocks changes hands easily on the market.

But management and creditors aren't the only stakeholders with an interest in the restructuring. For instance, shareholders may have a large say in how negotiations pan out – the rise in shareholder activism in recent years shows that equity can relatively effectively challenge management. And in some jurisdictions, such as France for example, organised labour and the state may well attempt to take a more active stance in the restructuring process.

As such, it's unsurprising that the role of the Chief Restructuring Officer (CRO) is becoming increasingly utilised. A CRO can be brought in to make an independent and neutral assessment of a company's situation and then relate this back to the various different stakeholder groups. Furthermore, a management team that has overseen the expansion of a company may not have the requisite skills and experience for managing a restructuring. And there are also efficiency benefits of separating out the management of the restructuring from that of the day to day running of a business. Interestingly, CRO appointments have traditionally been more common in the US restructurings, but in today's tough market they are becoming increasingly common in Europe.

## Insolvency codes compared: Europe and the United States

As the volume of restructurings continues to rise, attention has increasingly focused on the adequacy of the legal frameworks employed in these regions. The US and Europe have traditionally had two different approaches to court-driven restructurings. The US approach is mainly aimed at the reorganisation and rescue of a company whereas in many European jurisdictions court-driven restructurings usually oversee insolvency and liquidation proceedings.

### US approach

It is arguable that the US bankruptcy system has several beneficial aspects that can help parties on both the debtor and creditor side. Firstly, the US Chapter 11 bankruptcy statute is well established with a wide range of interpretive case law. As such, stakeholders generally have a good idea of how the process will play out.

Secondly, in most instances, management remains in control of the company as a debtor-in-possession (DIP) under the supervision of the court. The company has a stay from creditor action and this allows the business to continue operations, while working out a viable repayment plan with its creditors. At the same time, this allows negotiations to be ongoing while minimising value destruction of the business.

Thirdly, the unique DIP financing available to firms in Chapter 11 provides a viable avenue for accessing capital when it would otherwise be difficult to obtain. This is done by providing seniority for repayment over existing creditors, shareholders and other claimants to the DIP loan provider who are also sufficiently incentivised by higher fees and interest charged on DIP financing packages.

Crucially, DIP financing can be the key ingredient for moving forward a difficult restructuring process as loans often bolster liquidity above a firm's anticipated needs, thereby helping to restore supplier and customer confidence and goodwill toward a troubled company.

While some critics view Chapter 11 as far too lenient on debtors, others argue that at least it is a tried and tested process that is sufficiently established and transparent for stakeholders to know what they are dealing with. In addition, the US system attempts to address the underlying problems facing a business, rather than applying short-term solutions, thereby enhancing the long term survival prospects of a company.

### European approach

Conversely, the formal insolvency processes in many European jurisdictions have traditionally been more creditor-friendly with court proceedings geared toward the liquidation of the business rather than its turnaround. And comparatively robust creditor rights, when invoked, can create much larger obstacles for the rescue of a company. Meanwhile in some jurisdictions, debtors can actually be held personally and even criminally liable for company insolvencies.

As such, this framework has created strong incentives for out-of-court workouts. In addition, given that court-adjudicated proceedings can result in value destruction of the business, creditor groups are also more motivated to reach consensual restructuring agreements.



As Richard Nevins, a Partner at Cadwalader, Wickersham & Taft, says, “If you feel there is not the reason or the ability to continue negotiating, you should probably go back into the room and continue your negotiating, because almost without exceptions, once a European court or court officer steps in and dictates a situation, the result for both sides can be much, much worse.”

In recent years, some European countries have started to borrow from the US system, the most prominent example of this is France’s *Sauvegarde* law, though its emphasis on protecting debtor interests has given it a fearsome reputation with creditors. Specifically, with the oversight of court appointed administrators, the law entitles debtors of up to an 18-month stay against the enforcement of creditor rights. Unsurprisingly, some commentators have criticised *sauvegarde* for the generous stay of protection granted to debtors, which may be open to abuse for debtors electing France as their centre of main interest (COMI).

Insofar as jurisdictions are deemed creditor or debtor friendly, establishing the COMI may become an increasingly important matter for companies entering restructuring. In some instances, companies may choose a jurisdiction to which they have relatively loose connections for the protections that this entitles them to. In this respect, it is possible that there could be an increase in the number of overseas firms establishing their COMI in the US, where there is a relatively minimal requirement to establish jurisdiction.

## Current restructurings

As mentioned above, the effects of the current crisis have been far reaching across all geographies and sectors. In Europe, it is somewhat unsurprising that the Icelandic market has witnessed the most activity. Indeed, four of the top 10 live restructurings, ranked by pre-filing gross debt since the beginning of 2008, involve Icelandic firms operating in the Financial Services sector. Chief among these are Kaupthing Bank (€25.8bn), Glitnir banki (€19.7bn) and Nýi Landsbanki (€11bn) which all filed for bankruptcy after being nationalised by the Icelandic government in mid-September.

Elsewhere, the Real Estate sector in Europe has also witnessed significant restructuring activity. Notably, Spain based property developers Inmobiliaria Colonial and Martinsa Fadesa are currently undergoing two of the largest ever restructurings in Spanish history. The €9bn Inmobiliaria deal has thus far remained a consensual workout, while Martinsa Fadesa’s €5.2bn restructuring is being adjudicated by the courts. Among the top 10 restructurings, Sweden’s Thule is the only other out-of-court deal underway, the €845m workout is presently Europe’s largest live restructuring in the Industrials space.

## Top 10 live European restructurings since 2008, ranked by pre-filing gross financial debt

Debtor	Pre-filing GFD (EURm)	Bankruptcy Filing/ Announced Date	Work-out Type	Industry	Country
Kaupthing Bank hf	25,797	9-Oct-08	Court Driven - Liquidation	Financial Services	Iceland
Glitnir banki hf	19,672	8-Oct-08	Court Driven - Liquidation	Financial Services	Iceland
Nyi Landsbanki Islands hf	11,024	7-Oct-08	Court Driven - Liquidation	Financial Services	Iceland
Inmobiliaria Colonial SA (after 20/02/2007)	8,991	1-Sep-08	Out of Court - Restructuring	Real Estate	Spain
Martinsa Fadesa	5,157	15-Jul-08	Court Driven - Restructuring	Real Estate	Spain
Heart of La Defense SAS	1,639	3-Nov-08	Court Driven - Restructuring	Real Estate	France
Stodir hf	1,548	29-Sep-08	Court Driven - Restructuring	Financial Services	Iceland
Alitalia SpA	1,486	29-Aug-08	Court Driven - Restructuring	Transportation	Italy
Thule AB	845	22-Dec-08	Out of Court - Restructuring	Industrials & Chemicals	Sweden
Countrywide plc	762	16-Mar-09	Court Driven - Restructuring	Real Estate	United Kingdom

Source: <http://www.debtwire.com>

## Top 10 live North American restructurings since 2008, ranked by pre-filing gross financial debt

Debtor	Pre-filing GFD (USDm)	Bankruptcy Filing/ Announced Date	Work-out Type	Industry
Lyondell Chemical Company	27,296	6-Dec-08	Court Driven - Restructuring, Chapter 11	Industrials & Chemicals
General Growth Properties Inc	27,293	16-Apr-09	Court Driven - Restructuring, Chapter 11	Real Estate
Charter Communications Inc	21,586	27-Mar-09	Court Driven - Restructuring, Chapter 11	TMT
Tribune Company	11,822	8-Dec-08	Court Driven - Restructuring, Chapter 11	TMT
Idearc Inc	9,267	31-Mar-09	Court Driven - Restructuring, Pre-arranged	TMT
Smurfit-Stone Container Corp	3,600	26-Jan-09	Court Driven - Restructuring, Chapter 11	Industrials & Chemicals
Quebecor World Inc	2,891	21-Jan-08	Court Driven - Restructuring, Chapter 11	TMT
Tropicana Entertainment LLC	2,711	5-May-08	Court Driven - Restructuring, Chapter 11	Leisure
Aleris International Inc	2,700	12-Feb-09	Court Driven - Restructuring, Chapter 11	Energy, Mining & Utilities
SemGroup LP	2,526	22-Jul-08	Court Driven - Restructuring, Chapter 11	Energy, Mining & Utilities

Source: <http://www.debtwire.com>

North America's largest live situation is Lyondell Chemical's US\$27.3bn restructuring. The company took on a US\$2.1bn in DIP financing in January primarily from its current creditor group in order to sustain business operations and service upcoming debt repayments.

While there have been a limited number of TMT restructurings in Europe, the sector has been much harder hit in North America with four of the top 10 live restructurings falling in the sector. The largest and most recent is cable operator Charter Communication's US\$21.6bn restructuring deal. Paul Allen, co-founder of Microsoft, controls the group that grew rapidly in recent years through an aggressive acquisition strategy, albeit at the expense of building up large debts.

Elsewhere, restructurings in the Energy, Mining & Utilities space figure prominently in the top 10 table. Aleris International, a large aluminium and zinc producer, filed for Chapter 11 bankruptcy in February 2009 with US\$2.9bn in debt. In the face of falling demand and prices, the multinational firm has announced a reduction of 770 out of 1,500 staff at an aluminium plant in Belgium as part of its cost-cutting measures. The bankruptcy of the Sem Group stands out as the next largest bankruptcy in the sector with US\$2.5bn in debt in July 2008. The oil storage firm received US\$150m in DIP financing in September.

## Managing critical information and communication

The recent global economic downturn has brought about a marked increase in the volume of corporate restructurings across the globe. The process is often time-sensitive and complex for those involved, and the management of the vast amount of critical information that needs to be organised and shared during the engagement can be distracting. As a result, technology is playing an increasingly key role in making the restructuring process faster, more streamlined and less costly. This trend is reflected in our survey results, with some 86% of respondents having used an online tool to manage the process, with the majority citing ease of access and time and cost savings as the most important benefits.

Acting as a central repository of information, online exchanges, such as IntraLinks provide increased levels of organisation, security and control relative to older paper-based solutions which were substantially slower, less secure and more cumbersome. Indeed such methods typically required staff to research and collate information and then distribute to all of the numerous individual parties involved in a transaction. Information is also constantly changing and being updated in a restructuring process, such changes are best accommodated through a streamlined, online exchange as opposed to the traditional approach.

While critical information exchanges are well known for their usage in M&A transactions, there are some key differences when used in a corporate restructuring. The debtor cannot necessarily assume that assets of the business will have to be sold although they will have to be prepared and aware of every possible eventuality, ranging from asset sales to financial engineering. A 360° view of the business needs to be taken with all parties, whether on the debtor or creditor side, aware of all internal and external options available to them. The process is dynamic and constantly evolving and for these reasons advisers are generally engaged earlier in a restructuring process than they would be in a vanilla M&A transaction. From the creditor side it is also noteworthy that an online solution can facilitate improved communication between the creditor committee, advisers and unsecured creditors. Indeed our survey suggests that some 98% of respondents believe that organised and secure communication can help the restructuring process. Equally, participants can change as sub-creditors drop out and in and as a result, new creditors and their advisors need to be able to access and review all relevant information quickly.

An online exchange can add significant value during an asset disposal in a restructuring. Compared to a standard M&A deal, there are usually fewer interested parties on the buy side although a greater number of advisors are generally reviewing documents, depending on the complexity of the situation. Indeed the due diligence relating to the acquisition of distressed assets is typically very detailed, resulting in more questions from bidders and more dialogue between the debtor and the advisors. Moreover, this tends to take place over a compressed time frame and the process has to be managed in the most efficient way possible.

An online solution can help to facilitate the transparency of the relevant data and provide timely and accurate information to all relevant parties. Such an exchange can be up and down over a 30 day time period which means there is less time to reach buyers and share all the information. Using an online exchange a company can maximize its sales options and value by reaching more parties across multiple geographies and giving them around-the-clock access to critical information. Furthermore, a potential acquirer of one asset may well be interested in acquiring another complementary asset, which they may not have been wholly aware of at the beginning of the process. As such, the enhanced transparency of an online solution acting as a central repository of information helps to facilitate this type of scenario.

The benefits of an online critical information exchange in a restructuring process are numerous and never more relevant than in the current economic climate. Huge cost savings can be enjoyed through the reduction of travel costs and the elimination of the need to print and ship documents. Communication between debtors and creditors can be enhanced and increasingly flexible to meet the needs of the situation as it evolves. There are also more subtle and sophisticated benefits, large restructurings often involve the disposal of several different assets and here there is an acute need for transparency and efficiency.

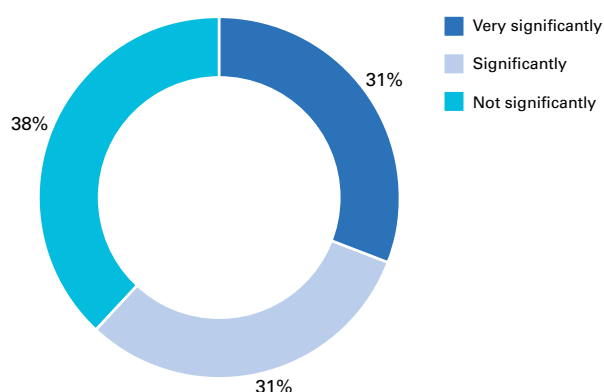
While originally utilised in the financial markets, secure online exchanges are now increasingly used by companies to manage, organise, track and share all aspects of their sensitive corporate information. Speed, transparency and security are the keys to the organization of any critical information and these are the factors which set apart IntraLinks from others



## Survey findings

**The current environment has affected the accuracy and timeliness of information needed for a restructuring say nearly two thirds of respondents**

How much has the current environment affected the accuracy and timeliness of information needed for a restructuring?

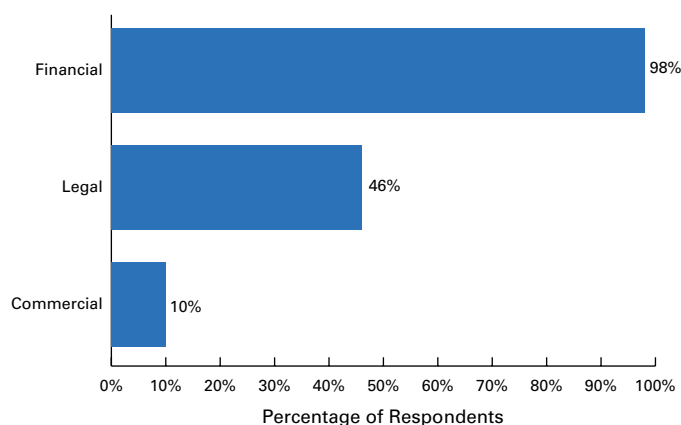


A combined 62% of respondents believe the current business environment has significantly or very significantly affected the accuracy and timeliness of information needed for a restructuring. In this respect one respondent mentions, *"Many of the plans companies have drawn up are now out of date. Usually companies produce a forecast just once a year and this is a very labour-intensive process that cannot be updated easily at short notice."*

Another respondent elaborates, *"The speed and accuracy of the information really depend on the sector. In the automotive industry, for example, companies are slipping faster than you can run. Their sales of supplies deteriorate from one month to the next and there is no way of monitoring that and getting the financial information you need because it doesn't exist. So you have to stay very close to a company in the restructuring process. In the machinery sector, things are slightly different, given that you can see orders for up to four months in advance and therefore more easily foresee a looming restructuring."*

**Nearly all respondents identify financial information as the most important company information for a restructuring**

Which type of company information is the most important for a restructuring?



Note: Respondents were able to provide more than one answer

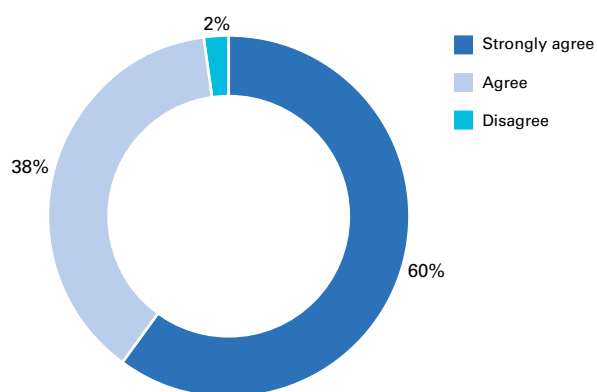
Unsurprisingly, some 98% of respondents identify financial information as the most important company intelligence needed for a restructuring. Respondents identified a range of financial information including, a timely assessment of a company's balance sheet, the capital structure, the business plan, future earnings projections and debt repayment schedule. Furthermore, a number of respondents emphasise that in distressed situations financial information is the starting point for information gathering.

Nearly half of respondents (46%) also identify legal information as the most important needed for a restructuring. Notably, several respondents say that it is just as important as financial information. *"Financial and legal information are inseparable. One needs to know the company's liquidity position and also have access to the bank covenants and the loan documentation,"* says one respondent.

A small portion of respondents (10%) recognise commercial information as being the most important. In particular, these respondents cite relationships with customers, third party contracts and information on competitors and the company's sector.

## The majority of respondents believe that organised and secure communication can help a restructuring process

Do you believe organised and secure communication can help a restructuring process?

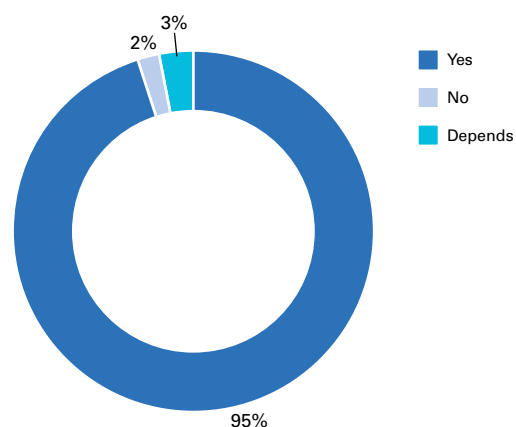


Almost every respondent surveyed believes that organised and secure communication can help a restructuring process. Indeed, 60% strongly agree and 38% agree, while just 2% disagree that it can help.

*"If you have information available to you in an organised manner, there will be less misunderstanding and fewer problems,"* says one respondent, while another mentions, *"Secure communication is always important because whenever information is leaked to the press it can affect everyone's interests and expectations."*

## Respondents overwhelmingly say that establishing different stakeholders' interests early on significantly improves changes for a successful restructuring plan

Does establishing the interest of different stakeholders early in the process significantly improves the chances of a successful restructuring?

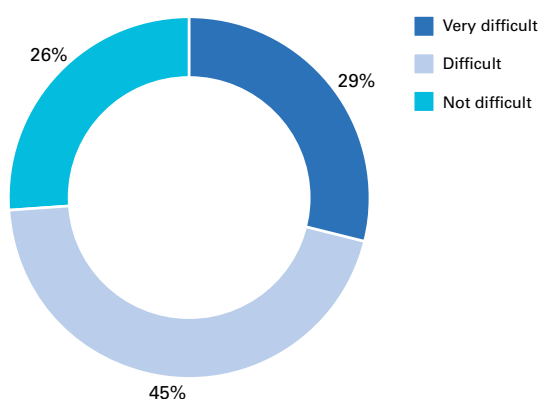


The overwhelming majority of respondents (95%) say that establishing the interests of different stakeholders early in the restructuring process significantly improves the chances for a successful restructuring. One respondent qualifies their response slightly by commenting, "Yes, establishing interests early on does improve chances for a successful restructuring, but the creditor group can change as distressed debt changes hands, so it is more a case of constant monitoring of what the different stakeholders are doing."

Of the remaining portion of those surveyed, 2% say that establishing stakeholders' interests early on does not significantly improve the chances for a successful restructuring, while the other 3% say that this depends. One respondent who believes it depends explains, *"It's helpful, but doesn't necessarily support a significant improvement as things frequently change throughout the duration of the process."*

### Almost three quarters of respondents say it is difficult to establish the agendas of different stakeholders early on in the restructuring process

How difficult is it to establish the interests of different stakeholders early in the restructuring process?

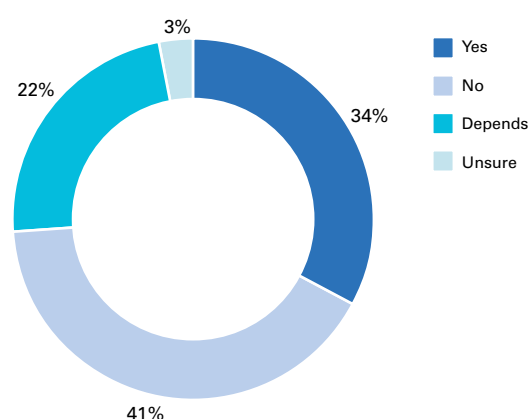


A combined 74% of respondents say it is difficult (45%) or very difficult (29%) to establish the agendas of different stakeholders early on in restructuring negotiations given the diversity of interests amongst the different groups. One respondent says, "It is difficult to establish the interests of the different players, especially if they are not all feeling the same amount of pressure and urgency in a situation," while another adds, "This can be case specific, but often times participants will keep their cards close to their chests until later on in the process."

Just over one quarter of respondents (26%) believe that it is not difficult to establish different stakeholder agendas – however, several respondents note that while it is easy to identify different agendas, such a factor does not ensure an optimal outcome in restructuring negotiations. One respondent remarks, "It's not necessarily difficult to establish the different agendas, but it is difficult to make them reasonable." Another states, "...what is difficult is getting them [stakeholders] to act in a manner that maximises the outcome for all parties concerned, rather than just looking out for their own interests."

### Respondents are divided on whether the Chief Restructuring Officer role has become a necessity for a successful restructuring in the current environment

Has the role of the CRO become a necessity for a successful restructuring in the current environment?

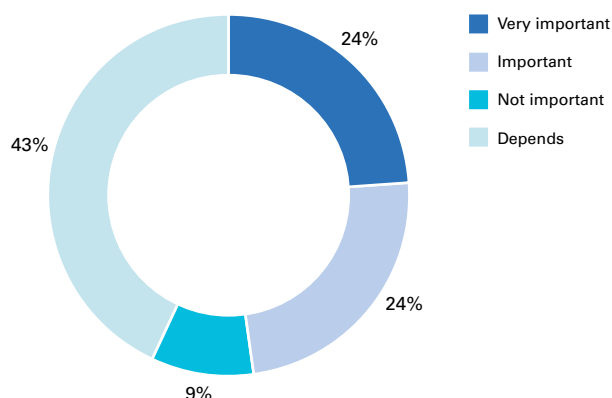


The largest share of respondents (41%) does not believe that the CRO role has become a necessity for a successful restructuring. Notably, several respondents in this group note that while it is not of vital importance, it can be a sensible and helpful factor in a restructuring situation. "Although it is not necessary, it is always a good idea to have a CRO involved in the restructuring process," notes one respondent.

Over one third of respondents (34%) believe that the CRO role is a necessity in the current business environment with one respondent saying, "The role of CRO is always a necessity, but even more so now. There are so many restructuring situations going on right now that investors, who may be involved in many companies undergoing restructuring, cannot commit that much time on each one. Therefore, there is the need for a process headed over by a CRO, a process involving both financial and legal due diligence, so that investors can make decisions based on the best possible grounds."

## Over half of respondents believe continuity of management is important for a restructuring

How important is continuity of management in a restructuring?

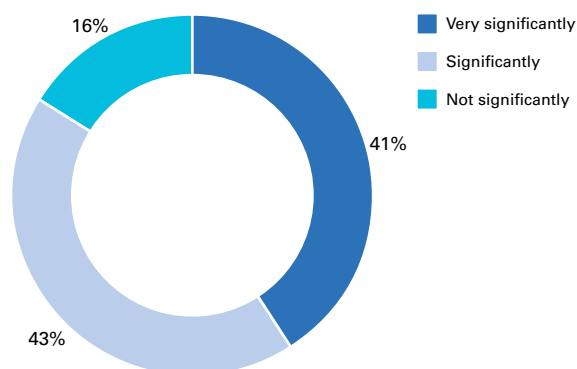


A combined 48% of respondents believe that continuity of management is very important (24%) or important (24%) for a company in restructuring. Respondents cite detailed understanding of the company, industry knowledge and expertise and customer relationships as important bonuses for keeping management in place, while drawbacks to bringing in a takeover team may include the prolonged time span a restructuring may take as new management gets up to date with the business.

Tellingly, just 9% of respondents say that continuity of management is not important for a restructuring, while the largest share of respondents (43%) believe that it is dependent on a number of factors. These include management performance and competence, the stage of the restructuring process, the size of the company and information flow. With respect to this last point, several respondents noted that for smaller companies information flow is better with the original management on board.

## The vast majority of respondents believe the current business environment has reduced the timeframe for planning a restructuring

How significantly has the current environment reduced the timeframe for planning a restructuring compared to 12 months ago?

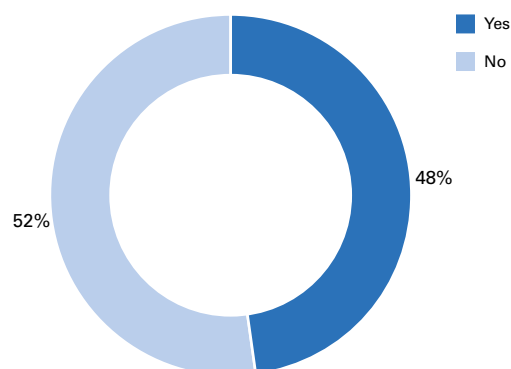


A combined 84% of respondents believe the current business environment has significantly (43%) or very significantly (41%) reduced the timeframe for planning a restructuring compared to 12 months ago. Just 16% of respondents say that the current environment has not significantly reduced the timeframe for planning a restructuring.

One partner at a legal firm states, "Companies today seem to be coming to us with less lead-time," while another comments, "The scale of company problems and the lack of liquidity in the market mean that time is not the luxury that it once was."

**Respondents are almost evenly divided over whether the compressed timeframe for planning a restructuring reduces the chances for its longer term success**

Do you believe the compressed timeframe for planning a restructuring reduces the chances for its longer term success?

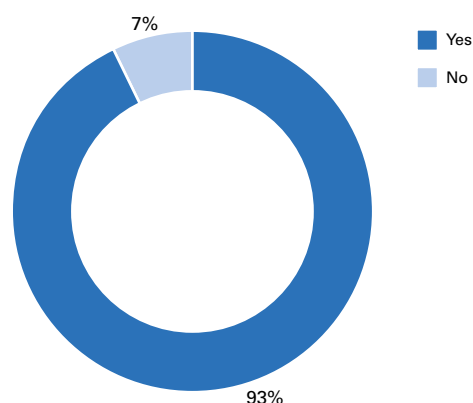


Some 52% of respondents do not believe the compressed timeframe for restructuring reduces the chances for its longer term success, only marginally higher than the 48% of respondents who identify it as a factor.

One respondent says, "With the compression of time, mistakes can be made. People are very keen to get revised forecasts as quickly as possible, but they can get them wrong. There is a lot to do in a short period of time such as putting in place processes related to short term cash flow issues, while also developing plans into the medium term," whereas another states, "If you can work efficiently and quickly, this does not mean you are doing a worse job than if you deliberate endlessly."

**A large majority of respondents foresee a significant rise in the number of court driven restructurings over the coming 12 months**

Do you foresee a significant rise in the number of court driven restructurings over the coming 12 months?

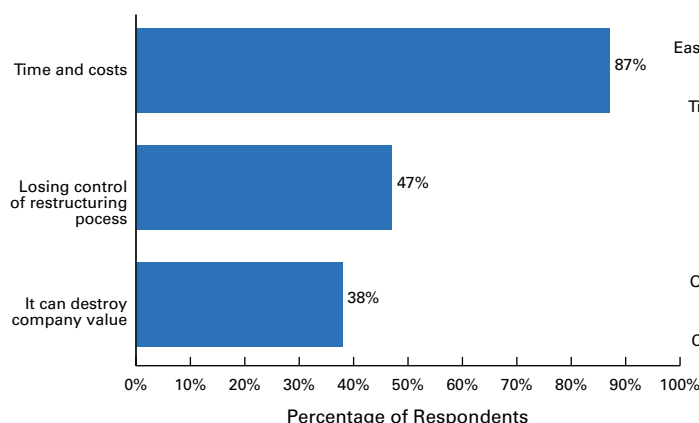


Respondents overwhelmingly anticipate a significant rise in the number of court driven restructurings over the coming 12 months with 93% of those surveyed foreseeing such a trend. "There's not much creativity anymore, things have become mechanical. These days there are a lot of people in trouble and bankruptcy lawyers immediately want to take a restructuring into court."

Just 7% of respondents believe there will not be a significant rise in court driven restructurings over the coming year. In this regard, one respondent comments, "I think people will avoid them like the plague," possibly reflecting the harmful effect that court adjudicated restructurings can have on a company.

## A large majority of respondents view the time and costs associated with court-driven restructurings as the main drawbacks

Which of the following do you believe to be the main drawbacks of a court driven restructuring?



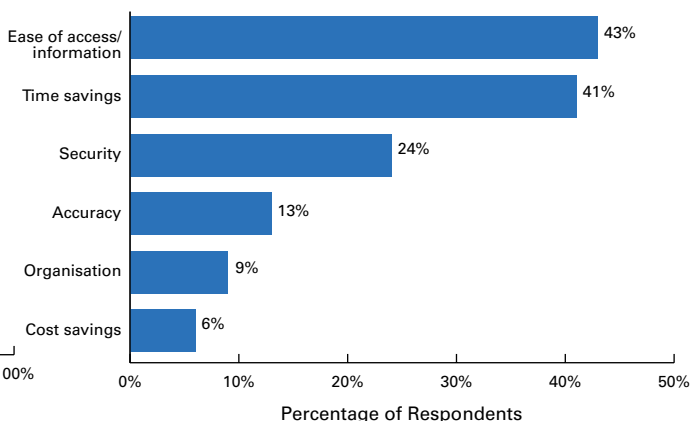
Note: Respondents were able to provide more than one answer

The time and costs associated with court process are identified as the main drawback of court-driven restructurings by 87% respondents. In this respect one respondent states, “A consensual workout will always be quicker and cheaper and will help to avoid post-restructuring challenges.” Losing control of the restructuring process is identified by nearly half of respondents (47%), while another sizable share of respondents (38%) say that court adjudicated restructurings can destroy company value.

*“If you are dealing with a pre-pack scheme, then this is quite quick and does not destroy value in the company. However if you are dealing with a trading administration scheme, the presence of formal insolvency will destroy value in the company. Court-driven restructurings are not only more lengthy and costly, but they carry a certain stigma with trade creditors.”*

## Respondents identify ease of access and information exchange as the most important benefits of using an online technology platform, such as IntraLinks, on a restructuring deal

What are the most important benefits of using an online technology platform, such as IntraLinks, on a restructuring deal?



Note: Respondents were able to provide more than one answer

The largest portion of those surveyed (43%) identified ease of access and information exchange as among the most important benefits of using an online technology platform, such as IntraLinks, during a restructuring deal, which was closely followed by the benefit of time savings by 41% of respondents.

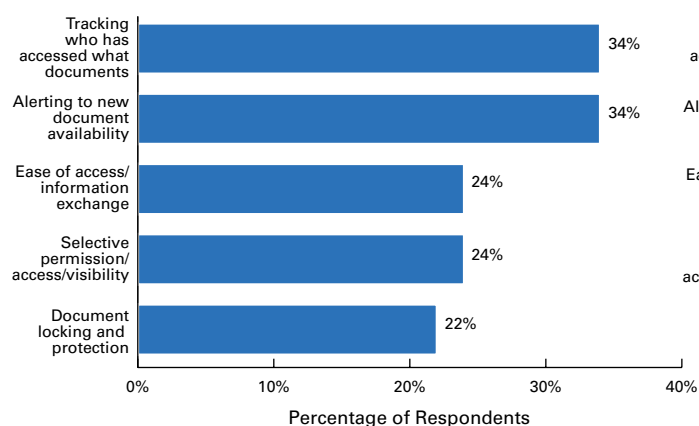
Slightly less than one quarter of respondents (24%) believe security features are among the most important benefits offered by such technology, while a smaller 13% believe it offers more accurate information.

*“Communication with members of a Creditors Committee, for example, is greatly enhanced. They can be more secure, and have more importance. You can also organize the postings in a more thoughtful manner than emails.”*



### Control features, such as tracking document access and alerts, are seen as the key features for creditors and advisers

Are there any key features for creditors and their advisers?



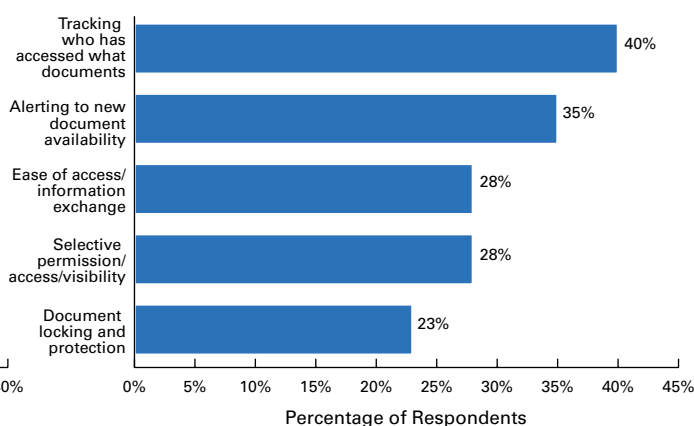
Note: Respondents were able to provide more than one answer

In equal proportions of 34% apiece, tracking which users have accessed particular documents and the alert features for new documents are rated by respondents as the most important features of technology platforms such as IntraLinks for creditors and advisers.

Ease of access and information exchange as well as the selective access features are both rated by just under one quarter of (24%) of respondents as the features offering the most important benefits. A slightly smaller proportion (22%) cites document locking and protection as the most important features of a technology platform such as a IntraLinks.

### Respondents identify tracking user access to documents as the most important feature offered by online technology platforms such as IntraLinks for a restructuring deal

Are there any key features for debtors and their advisers?



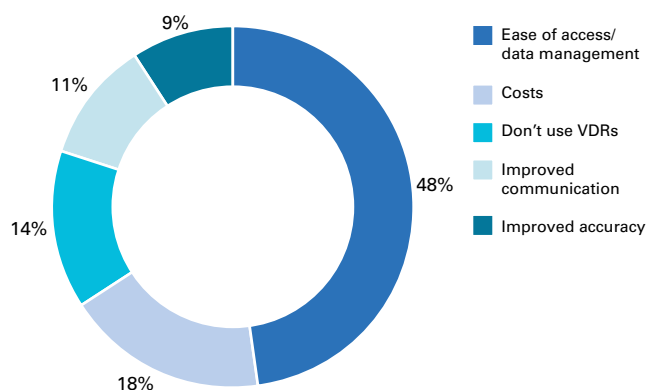
Note: Respondents were able to provide more than one answer

Tracking who has accessed particular documentation emerged as the key feature of a technology platform for debtors and their advisers, cited by a significant 40% of respondents.

Just over one third (35%) of those surveyed say that alerts for new documentation is the most important feature, while features relating to document control such as access permission and document locking and protecting are both named by 28% of respondents.

## Nearly one half of respondents say features such as ease of access and data management from critical information exchange platforms have assisted them in current restructurings

How has this technology assisted you in the current round of restructurings being undertaken?



The largest proportion of respondents (48%) believe the ease of access and data management that an online solution provides has assisted them most in the current round of restructurings. Just under one fifth of respondents (18%) say that the cost savings have been useful, while improved communication and accuracy are respectively cited by 11% and 9% as features that have assisted them in current restructurings.

*"Technology helps us to minimise operational risks. We get quicker access to the information, so the process is accelerated and we are more productive."*

*"They are an integral part of the restructuring process for accessing information. What is very useful is also being able to have different codes and different kinds of access depending on what stakeholder you are in the whole process."*

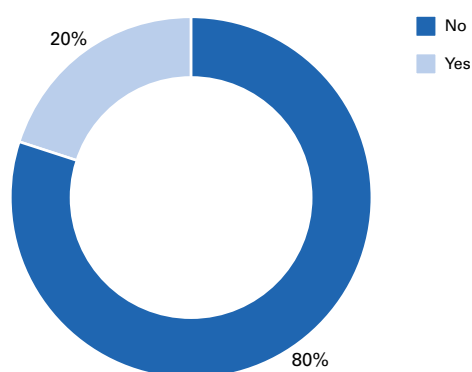
## Are there any specific time or cost savings by using this kind of technology?

The majority of respondents were unable to quantify the specific time and cost savings made through the use of this technology. However, several factors were noted chief among which was the reduction in air travel which in turn saves time and reduces costs.

In general, respondents note that the greater efficiency offered by the technology results in shorter restructuring processes and consequently less expenditure on the process. One respondent notes, *"If you need a number of parallel discussions with different groups, using a VDR is a good tool to do this with as there are no physical constraints to access the data room, and this would save time and money"*

**A relatively sizable one fifth of respondents have used an online critical information exchange, such as IntraLinks, post-restructuring**

**Have you used an online critical information exchange post-restructuring, and if so, how?**



A relatively sizable 20% of respondents say they have used an online exchange post-restructuring, while 80% of those surveyed say they have not. Notably, respondents using an online solution post-restructuring indicate they use it as a secure central repository for documentation storage and information exchange and lastly, M&A transactions.

It is also noteworthy that many of the respondents, who have not used an online exchange post-restructuring, identify several features that could be useful such as secure information and communication management and its use as a central repository and archive for documentation.

## About IntraLinks

IntraLinks® provides enterprise-class solutions, which facilitate the secure, compliant and auditable exchange of critical information, collaboration and workflow management inside and outside the enterprise. Our on-demand solutions help you organize, manage, share and track information enabling you to accelerate your workflow, optimise your business processes and realize new profit potential.

Since 1997, IntraLinks has transformed the way companies do business. More than a decade ago, we began our life revolutionizing the way debt financing was handled in an on-demand, on-line model.

We applied this same model to M&A due diligence, dramatically changing the way firms do business. With over 750,000 users across 90,000 organizations around the world, including 800 of the Fortune 1000, we are the trusted choice for critical information exchange.

Clients rely on IntraLinks for a broad range of mission-critical uses including M&A due diligence, restructuring and bankruptcy, study start up for clinical pharmaceutical trials, management of complex construction projects, Board of Director reporting for public corporations and more. So no matter the industry or your business challenge, IntraLinks has a solution for you.

## Contact IntraLinks

### EMEA

#### London

IntraLinks Ltd.  
44 Featherstone Street  
London, EC1Y 8RN  
Tel: +44 (0) 20 7060 0660  
Fax: +44 (0) 20 7549 5201  
emea@intralinks.com

#### Dubai

1009 Shatha Tower  
Dubai Internet City,  
United Arab Emirates  
Tel: +971 (0) 4 375 3498  
Fax: +971 (0) 4 439 3595  
emea@intralinks.com

#### Frankfurt

Bockenheimer Landstrasse 17/19  
60325 Frankfurt am Main  
Germany  
Tel: +49 69 710 455 185  
Fax: +49 69 710 455 187  
emea@intralinks.com

#### Madrid

López de Hoyos  
nº 35 - 1ª Planta 28002  
Madrid  
Tel: +34 91 771 5117  
Fax: +34 91 791 5228  
emea@intralinks.com

#### Milan

Via Torino, 2  
20123 Milano  
Tel: +39 02 7254 6207  
Fax: +39 02 4438 6087  
emea@intralinks.com

#### Paris

Suite 36, Level 3  
17, Square Edouard VII  
75009 Paris  
Tel: +33 (1) 53 43 91 05  
Fax: +33 (1) 53 43 93 93  
emea@intralinks.com

#### Stockholm

Tel: +46 8 52 50 06 46  
Fax: +46 8 50 90 04 56  
emea@intralinks.com

### Americas

#### New York

150 East 42nd Street, 8th Floor  
New York, NY 10017  
Tel: 212 543 7700  
Fax: 212 543 7978  
americas@intralinks.com

#### Boston

529 Main Street  
The Schrafft Center  
Charlestown, MA 02139  
Tel: 617 648 3500  
Fax: 617 648 3550  
americas@intralinks.com

#### Chicago

125 S. Wacker, Suite 300  
Chicago, IL 60606  
Tel: 312 893 5880  
Fax: 312 893 5885  
americas@intralinks.com

#### São Paulo\*

Rua Joaquim Nabuco, 47-9 andar  
Sao Paulo, SP 04621-000  
Tel: +55 11 5041 3460  
americas@intralinks.com

### Asia-Pacific

#### Hong Kong

Level 39, One Exchange Square  
8 Connaught Place  
Hong Kong, Central  
Hong Kong  
Tel: +852 3101 7022  
Fax: +852 3101 7021  
asiapacific@intralinks.com

#### Tokyo (partner office of iSiD)

2-17-1 Konan, Minato-Ku  
Tokyo Japan 106-0075  
Tel: +81 3 6713 7827  
(IntraLinks Desk)  
asiapacific@intralinks.com

### Singapore

Intralinks Inc.  
Level 34, Centennial Tower  
3 Temasek Avenue  
Singapore 039190  
Tel : +65 6549 7801  
Fax : +65 6549 7011  
asiapacific@intralinks.com

#### Sydney

Suite 1, Level 3  
3 Spring Street  
Sydney, NSW 2000  
Tel: +61 (0) 2 8249 4567  
Fax: +61 (0) 2 8249 4001  
asiapacific@intralinks.com

#### Brisbane

Tel: +61 (0) 7 3395 3414  
Fax: +61 (0) 7 3009 0482  
asiapacific@intralinks.com

