

“In Case of Emergency... Breaking The Glass”

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General Growth Example

- 2nd largest mall owner in the U.S., based in Chicago, Illinois, with approximately \$28 billion in debt
 - Jordan Creek
 - Coral Ridge
- Viable business, but overleveraged by borrowing for growth through acquisitions and short-term
 - Currently generates enough income for debt coverage
 - \$1B Past-Due, \$2B to mature in 2009 (\$4B if accelerated)
- Hired Bankruptcy Attorney & Restructuring / Financial Advisor
- Current Trends:
 - Debt for Equity Swaps
 - Discounted Debt Purchases

OUTLINE

- Strategic & Contingency Planning
- Liquidity Position
- Risk Management
- Restructuring
- Opportunities
- NCP History
- Closing remarks & questions

Strategic Planning

- Identifying and evaluating long-term company goals
- Keys:
 - Communication
 - Organization
 - Goal setting
- Internal vs. external view
 - Want to hear vs. need to hear
 - Trusted advisors
 - Fair and honest '30,000 foot view' opinions
 - SWOT Analysis

Contingency Planning

- “Hope for the best, but plan for the worst”
- Contingency Planning
 - Even healthy companies always need to manage issues
- Goal / Strategy – Prevention and Management of the process
- What are our options under the following circumstances:
 - 1. Major customer (+20%) bankruptcy?
 - 2. Year over year revenue declines of 20% or more?
 - 3. Senior credit facility cancelled?

Liquidity Position

- Liquidity
 - Important to development and survival
 - Timing is every bit as important as amount
 - Before it's too late (“Gut feeling”)

- Liquidity Planning
 - Matching term assets & liabilities (both short & long)
 - Too often managed on a short-term basis only
 - (Lehman Example)

- Liquidity = Opportunity

Risk Management

- Managing Risks
 - Limit size / exposure of individual customers / Suppliers / Lenders
 - Establish Hard Credit Policies – Establish prior to issues arising

- Customers
 - Watch Receivables
 - Proactively seek resolutions to issues
 - Communicate!

Risk Management

- Suppliers
 - Plan for the worst (loss of suppliers due to bankruptcy / downturn)
 - Diversify exposure (if possible)
 - Communicate!

- Lenders
 - Banks own balance sheet issues
 - Plan for the worst (loss of lender due to bankruptcy / downturn)
 - Sometimes won't lend because they can't
 - Credit Gap – inability to renew / refinance / extend existing credit terms

Restructuring

- You Have Options!
- The sooner addressed the better
- Can't just wish the problem away
- Expertise & objectivity of advisor is critical
 - Real Estate Property Management Company Example

Restructuring

- Liquidation is NOT the only route
 - The earlier addressed the higher probability of success
 - Often results without early intervention
- Use qualified experts and be 'brutally' honest w/ yourself
- Process is not perfect or painless but seeks to ensure survival, sustainability & long term growth

Alternative Opportunities

(The other side of the rainbow)

- Liquid = Opportunity
 - Consolidate market share
 - Acquire new markets
 - Geographic expansion
- Companies that effectively manage through recessions will be the strongest coming out and in good position to dominate the competition
- Most companies makes money in the good years – strong companies thrive in bad times if they are strategic & aggressive

NCP

- Our firm, NCP, Inc., was formed in 2001 as a strategic advisory services boutique focusing on various mid-market (\$10 million to \$100 million target market) institutional and board level consulting assignments, mergers and acquisitions (M&A), and private financing opportunities.
- NCP has a unique ability to provide high level institutional advisory services in very complex financing or re-structuring situations.
- NCP is an active advisor in special situations, most significantly including restructuring and re-capitalizing opportunities, for both distressed companies as well as lenders / capital sources.
- Our depth of experience gives us an extensive knowledge of negotiations with large, multi-national entities, valuation techniques, and the ability to craft a solution that works for all parties, whether a strategic consulting, M&A, or mezzanine assignment.

Summary

- Strategic & Contingency Planning
- Cash is King - Liquidity
- Managing Internal & External Risks
- Focus on opportunities & moving forward
- Be Proactive – Don't wait till its too late

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