turnarounds & workouts

News for People Tracking Distressed Businesses

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General Growth Survives

Most Properties Exited Bankruptcy in 2009

by Julie Schaeffer

The agreement General Growth Properties reached with its creditors to extend loans enabled most of its properties to exit bankruptcy by the end of last year. Given the company's huge retail presence; this development was significant, but it was not without contention given the way the deal was structured.

Founded in 1954 and expanded through a series of acquisitions, Chicago-based General Growth Properties is the second-largest operator of malls in the nation, behind Simon Property Group.

With a total of nearly 200 malls, it is known for some of the country's most venerable shopping centers, including the Grand Canal Shoppes at the Venetian in Las Vegas,

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Record Number of Bankruptcies

Forty-Two Companies With Assets of $1 Billion or More

by David Buzzell

It began with Lyondell Chemical and Nortel Networks declaring bankruptcy in January; reached a crescendo with Chrysler, General Growth Properties, and General Motors filing within a two-month span mid-year, and concluded with corporate giants CIT Group and Citadel Broadcasting seeking reorganization. 2009 was one for the recordbooks. Never before have so many corporate giants filed for bankruptcy in one year.

According to data compiled by the Beard Group, 42 companies with assets of $1 billion or more sought Chapter 11 relief in 2009, and another 169 companies with assets of $100 million or more did the same (see Exhibit 1 on page 4).

These bankruptcy numbers for the $1 billion plus and $100 million plus companies,

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Donlin, Recano & Co. Acquired

Sage Holdings Purchases, Rebrands

by Julie Schaeffer

Sage Holdings, now rebranded King Worldwide, has acquired Donlin, Recano & Company, and it's a good match by all accounts, with the former gaining capability to service companies at all stages of the bankruptcy process, and the latter gaining access to expanded technology and call center platforms.

King Worldwide, a stakeholder management and financial communications firm, was founded in 2007 as Sage Holdings. Its goal: to meet the corporate communications requirements of clients facing increased regulation and the need for greater corporate transparency.

The company owns a number of subsidiaries that together guide companies through the

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Gen. Growth, *from page 1*

Water Tower Place in Chicago, and the Ala Moana Center in Honolulu.

Still, General Growth was not immune to the real estate correction, which started in the residential market and slowly seeped into the commercial market. As the recession progressed and more and more businesses closed, landlords of retail and office space faced rising vacancies. Mall vacancies, which stood at 5.8 percent at the end of 2007, reached 7.1 percent by the end of 2008, according to Reis, a research company. By early 2009, they were at their highest point in almost a decade.

That left many malls struggling for solutions. Some cut deals with tenants to keep revenue flowing. Some converted retail space into office space. Some closed. General Growth, for its part, stopped virtually all new development, cut its workforce by 20 percent, and suspended its stock dividend.

That didn't help, however, because of the company's debt – a mounting pile of short-term mortgages the company had used to expand. General Growth pleaded with the holders of its $27 billion debt burden to hold off demanding payment while it sought to reorganize. "We made extensive efforts to modify existing maturing debt outside of bankruptcy," said Thomas H. Nolan Jr., the company's President and Chief Operating Officer, on a conference call in April 2009.

But bondholders grew increasingly impatient and, in April 2009, with dwindling options left, General Growth filed for bankruptcy in the U.S. Bankruptcy Court for the Southern District of New York. It was one of the biggest commercial real estate collapses in U.S. history.

General Growth obtained approximately $375 million in DIP financing from Pershing Square Capital Management, a hedge fund that owned more than 25 percent of the company. But the road to reorganization was not easy.

The major issue concerned the fact that General Growth's April 2009 filing included 166 of the company's malls, which many believed would be insulated from General Growth's bankruptcy because of the way General Growth had structured the assets.

In essence, to get the mortgages on the malls, General Growth had set up 166

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and their combined total of 211, surpassed those reported in 2008, when the recession first took hold. For corporations in the $1 billion plus group, the 2008 to 2009 jump was 40 percent: from 25 to 42. For companies with $100 million or more in assets, the increase was still noteworthy: from 134 to 169, or 20 percent. When compared to the years preceding the recession when the economy was humming along, the 2009 bankruptcy numbers are staggering. For example, in the four-year period from 2004 to 2007, a combined total of 30 corporations with assets of $1 billion plus filed for bankruptcy – a dozen less than filed in 2009 alone.

Considering that the combined assets of companies that failed in 2009 approached half a trillion dollars, it is not surprising that the U.S. economy is still struggling to right itself and almost 15 million people remain out of work.

The largest company to go under in 2009 was General Motors, which reported assets of $82.9 billion when it filed for Chapter 11 on June 1 (see Exhibit 2 on page 4). General Motors led a parade of manufacturing companies that went bankrupt, including Chrysler; Lyondell Chemical; Nortel Networks, maker of computer networking equipment; newsprint manufacturer Abitibowater, Inc.; Visteon Corp, which produces auto parts; and aluminum products maker Aleris International. In total, eighteen manufacturers with assets of more than $1 billion filed for bankruptcy.

Last year was especially brutal for the information sector. Eight major companies sought Chapter 11 relief. Two telecommunication services providers – Charter Communications, with assets of over $13.8 billion, and Fair Communications, with $3.2 billon in assets – were the largest companies in this sector to file. Some big names in publishing also reorganized in 2009, including Reader's Digest Association. Its namesake product is the world's largest circulation magazine. Three broadcasting companies with assets of more than $1 billion also went bankrupt. Television broadcasters Ion Media Networks and Young Broadcasting, and Citadel Broadcasting Corporation, the third largest radio broadcasting company in the United States, were among them.

In 2008, finance and insurance

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Donlin, *from page 1*

bankruptcy process, with services divided into three business areas: consulting, analytics and technology, and stakeholder fulfillment.

During 2008, King Worldwide began acquiring several leading firms that provide services to nearly 1,000 clients in dozens of countries, including many of the world's leading public companies and mutual fund families.

The most notable acquisition may have been that of D. F. King & Co., Inc., a stakeholder services and proxy solicitation company, in February 2008. Founded in 1942 and headquartered in New York with a regional office in London, the firm provided shareholder analysis and vote projections, proxy solicitation for stockholder meetings, and information agent services in tender/exchange offers. It also owned Broadgate Consultants, a Wall Street investor and financial media relations consultancy.

At the same time it acquired D. F. King & Co., King Worldwide also acquired M:Communications, a European financial public relations firm. Founded in 2002, the firm's core competencies are investor communications, crisis public relations, and government relations.

Three other acquisitions quickly followed. In July 2008, King Worldwide signed an agreement to acquire Hallvarsson & Halvarsson, a Scandinavian financial communications firm with strong skills in web-based analytics and online communications. In November 2008, King Worldwide acquired Capital Precision, a global market intelligence firm specializing in shareholder identification, institutional targeting, and fund tracking. And, in December 2008, King Worldwide acquired Taylor Rafferty, a 25-year-old international investor relations firm with offices in North America, Europe and Asia.

Donlin, Recano & Company, which King Worldwide acquired in October 2009, is a Chapter 11 claims and noticing agent.

The firm's services include Chapter 11 filing preparation, noticing solutions, claims management, balloting, and distribution services. It provides information support services to committees of unsecured creditors appointed in Chapter 11 cases. "This is a high-growth area for our business," says Dr. Oliver Niedermaier, President and Chief Executive Officer of King Worldwide.

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Research Report

Who's Who in Citadel Broadcasting Corporation

by Francoise C. Arsenault

Citadel Broadcasting Corporation, headquartered in Las Vegas, Nevada, is the third largest radio broadcasting company in the United States based on revenue and the number of owned and operated radio stations. Citadel Broadcasting operates through two primary business segments. The Citadel Broadcasting radio station segment (Citadel Radio) owns and operates 224 radio stations (166 FM and 58 AM stations) across the United States and represents about 79 percent of the company's total revenues. Citadel Radio reaches more than 50 markets in 27 states and the District of Columbia. The Citadel Broadcasting national programming and radio network segment (Citadel Media) produces and distributes news and talk radio programming, including "The Mark Levin Show," "The Huckabee Report," "Radio Perez" with Perez Hilton, and "Imus in the Morning," to more than 4,000 station affiliates and 8,500 program affiliates. Citadel Media, which is one of the three largest radio networks in the United States, owns and broadcasts several of the top syndicated music and news programs across the U.S. radio network, reaching about 111 million listeners each week. Citadel Media also is the exclusive sales representative for ESPN Radio Network, which produces programming such as ESPN SportsCenter and national broadcasts of Major League Baseball, the National Basketball Association, and the Bowl Championship Series. In 2008, Citadel Radio and Citadel Media together generated total revenues of approximately $863 million.

Citadel Broadcasting Corporation was formed in 2001 through a leveraged buyout transaction in which affiliates of Forstmann Little & Company acquired Citadel Broadcasting's corporate predecessor, Citadel Communications Corporation, for an aggregate purchase price of approximately $2 billion. Forstmann Little & Company now owns 28.7 percent of Citadel Broadcasting and is the company's largest shareholder. As of December 20, 2009, Citadel Broadcasting employed approximately 4,200 workers.

On December 20, 2009, Citadel Broadcasting Corporation and 50 of its affiliates filed for Chapter 11 reorganization in the United States Bankruptcy Court for the Southern District of New York (Manhattan). At the time of the Chapter 11 filing, company officials announced that Citadel Broadcasting had reached an agreement with more than 60 percent of its senior secured lenders on the terms of a pre-negotiated financial restructuring. The restructuring agreement provides that Citadel Broadcasting will reduce its $2.1 billion of loans to approximately $762.5 million in exchange for its secured lenders owning 90 percent of the reorganized equity in Citadel Broadcasting. The company's bondholders will receive the bulk of the remaining equity. As of October 30, 2009, Citadel Broadcasting listed approximately $1.4 billion in total assets and approximately $2.5 billion in total debts. The company is expected to exit bankruptcy within the year.

According to company officials, Citadel Broadcasting, similar to many other media companies, has seen its revenue and profitability decline as a result of the downturn in advertising spending by companies, particularly those in the auto, banking, and restaurant sectors. Citadel Broadcasting also had assumed billions of dollars in debt in 2006 to finance its purchase of The Walt Disney Company's ABC Radio stations. In the years after the purchase, Citadel Broadcasting's advertising revenues plummeted. In a regulatory filing last month, Citadel Broadcasting reported a 14 percent drop in revenue to $183.8 million, and a 16 percent drop in operating income to approximately $38 million. At that time, the company had warned that it would probably have to breach certain financial covenants early next year.

The Debtor

Farid Suleman is the Chairman of the Board and the Chief Executive Officer of Citadel Broadcasting Corporation. **Judy Ellis** is the Chief Operating Officer. **Randy L. Taylor** is Senior Vice President and the Chief Financial Officer. **John Rosso** is the President of Citadel Media. **David Marchette** is the Chief Technology Officer. **Jacquelyn J. Orr** is Vice President and General Counsel.

Kirkland & Ellis LLP is serving as the general bankruptcy counsel to Citadel Broadcasting. **Jonathan S. Henes** and **Joshua A. Sussberg**, partners in the firm's New York office, and **Sarah Hiltz Seewer**, an associate in the firm's Chicago office, are working on the case.

Lazard Freres & Co. LLC is acting as the financial advisor and investment banker to Citadel Broadcasting. **Barry W. Ridings**, a Managing Director and Vice Chairman of U.S. Investment Banking, is directing the work. **Jack Merimee**, an associate with Lazard Freres, also is working on the engagement.

Alvarez & Marsal North America, LLC is serving as the restructuring advisor to Citadel Broadcasting and its debtor affiliates. **Jeffery Stegenga**, a Managing Director with the firm, is responsible for the overall engagement. **Michael D. Kang**, also a Managing Director, leads the day-to-day activities of the engagement.

Deloitte & Touche LLP and **Deloitte Tax LLP** are acting as the independent auditor and accounting services advisor and the tax advisor to Citadel Broadcasting. **John Ruddell**, a partner with Deloitte & Touche LLP, and **Gregory Wichmann**, a partner with Deloitte Tax LLP, are in charge of the work.

Sard Verbinnen & Co. is public relations and communications consultant to Citadel Broadcasting. **Anna Cordasco**, a Managing Director in the firm's New York office, directs the work. **Jonathan Doorley** also is working on the assignment.

The Official Committee of Unsecured Creditors

The Committee includes the **Wilmington Trust Company**, **The Walt Disney Company**, and **Zazove Associates LLC**.

Stroock & Stroock & Lavan LLP is counsel to the Committee. The Stroock & Stroock team includes **Kristopher M. Hansen**, **Brett Lawrence**, and **Kenneth Pasquale**, partners, and **Sayan Bhattacharyya**, an associate with the firm.

The Trustee

The U.S. Trustee is **Diana G. Adams**.

The Judge

The judge is the **Honorable Burton R. Lifland**. ¤

Gen. Growth, *from page 2*

special purpose entities (SPEs) whose sole purpose was to borrow money.

SPEs are widely considered "bankruptcy remote," meaning their cash flows are dedicated to paying debt service.

So, lenders issued securities backed by the SPEs, and the holders of those securities expected they'd be paid even if the parent company, General Growth, went bankrupt.

But in the weeks leading up to its bankruptcy filing, General Growth sought approval from the board of each SPE for each SPE to file for bankruptcy – and, to get it, reportedly replaced directors on roughly 90 percent of its SPEs' boards.

Some secured creditors objected to the filing for so many well-capitalized, performing malls, with one lawyer even calling it an "outrage."

Indeed, Greg Cross, Chairman of the Bankruptcy Group at Venable LLP, who was coordinating counsel to the secured creditors, said there was concern in the financial community that the filing would threaten commercial real estate financing in general. "The SPEs were supposed to be bankruptcy-remote, so they wouldn't wind up in bankruptcy," he explains. "Yet they did."

Cross says there were allegations that General Growth's bankruptcy was a bad faith filing because the SPEs had considered the interest of their

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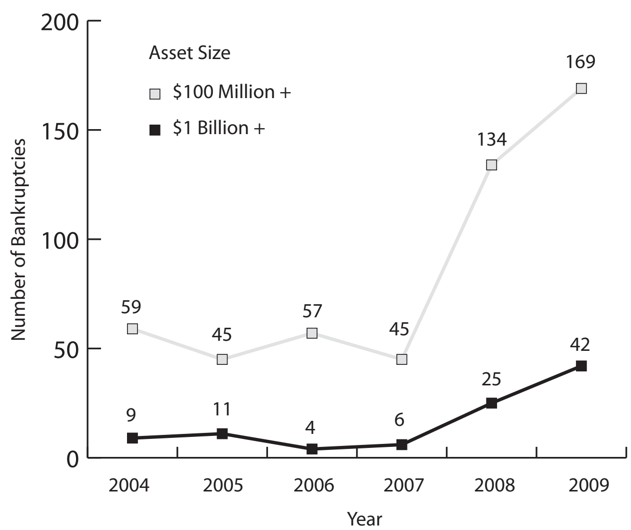
companies topped the list of the year's biggest bankruptcies, most notably Lehman Brothers and Washington Mutual. The fallout for this sector continued. The second largest bankruptcy of 2009 was that of business lender CIT Group. Two real estate lenders, Thornburg Mortgage, with assets of over $24 billion, and Capmark Financial Group, with assets of over $20 billion, also filed for Chapter 11.

The recession also brought down some of the largest casinos in the country, including Station Casinos, Trump Entertainment Resorts, and Herbst Gaming.

It should be noted, however, that 2009 was not just hard on large corporations. Bankruptcy filings for over 3,000 companies with assets of $1 million or more can be found in the Beard Group's data base for 2009. ¤

Exhibit 1
Bankruptcies 2004-2009



Source: The Beard Group

Exhibit 2
Largest Bankruptcies of 2009

Company	*Assets*	*Industry*
General Motors Corp	$82.3 billion	Manufacturing
CIT Group	$71.0 billion	Finance & Insurance
Chrysler	$39.3 billion	Manufacturing
General Growth Properties	$29.6 billion	Real Estate
Lyondell Chemical	$27.1 billion	Manufacturing
Thornburg Mortgage	$24.4 billion	Finance & Insurance
Capmark Financial Group	$20.1 billion	Finance & Insurance
Charter Communications	$13.9 billion	Information
Nortel Networks	$11.6 billion	Manufacturing
Abitibowater	$9.9 billion	Manufacturing
Smurfit-Stone Container	$7.4 billion	Manufacturing
Extended Stay	$7.1 billion	Accomm. & Food Services
Station Casinos	$5.7 billon	Arts, Entertain. & Recreation
Visteon	$4.6 billion	Manufacturing
Aleris International	$4.2 billion	Manufacturing

Source: The Beard Group

Calendar

Beard Group Audio Conference
Update on Bankruptcy Code Rule 2019 – Recent Rulings and Impacts
March 24, 2010
Cost: No Charge
Contact: http://beardfreeaudioconferences.com/bankruptcy_2019/index.htm

National Association of Bankruptcy Trustees
2010 Spring Seminar
April 7-10, 2010
Westin Hotel
Savannah, GA
Contact: www.nabt.com

Turnaround Management Association
TMA 2010 Spring Conference
April 20-22, 2010
Sheraton New York Hotel and Towers
New York, NY
Contact: www.turnaround.org

American Bankruptcy Institute
28th Annual Spring Meeting
April 29-May 2, 2010
Gaylord National Resort and Convention Center
National Harbor, MD
Contact: www.abiworld.org

Renaissance American Management, Inc. and the Beard Group
Third Annual Southwest Healthcare Transactions Conference
May 6, 2010
Adolphus Hotel
Dallas, TX
Contact: www.renaissanceamerican.com

National Association of Bankruptcy Trustees
2010 Annual Conference
September 29-October 3, 2010
The Fairmont
San Francisco, CA
Contact: www.nabt.com

Renaissance American Management, Inc. and the Beard Group
17th Annual Conference on Distressed Investing
November 29, 2010
The Helmsley Park Lane Hotel
New York, NY
Contact: www.renaissanceamerican.com

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Special Report

Nation's Largest Industrial Auctioneers

Firm	Sales Volume	Contact	Representative Clients/Industries
Ritchie Bros. Auctioneers Vancouver, BC, Canada Tel. (800) 211-3983 www.rbauction.com	$3.5 billion	Peter Blake, Chief Executive Officer	Construction, transportation, material handling, mining, forestry, utilities, agriculture, petroleum, and marine industries.
GoIndustry DoveBid Owings Mills (Baltimore), MD Tel. (800) 722-3334 / (410) 654-7500 www.go-dove.com	$300 million	Jack Reinelt, Chief Executive Officer David Fox, Managing Director, Principal Business	Motorola, Pfizer, Seagate Technology, GE Credit, Alcoa, Honeywell, Hewlett-Packard, Pepsi, Barclays, PNC, Ingersoll Rand, HSBC, Flextronics, Lexmark, Procter & Gamble, Sauer Danfoss, Tektronix, UPS, Visteon, Hallmark, Dana, JDS Uniphase.
The Branford Group Branford, CT Tel. (203) 488-7020 www.TheBranfordGroup.com	$80-$90 million	Bill Gardner, President James Gardner, Senior Vice President	ACT Electronics, Blue Water Automotive, Jabil Circuits, Neurogen, Northern Indiana Metals, Mercury Graphics, Sumitomo, Meridian Automotive, Precision Technology, Nicholas Plastics, Cadence, Progress Plastics, Accu-Tronics, EL Print Circuits, TTM Circuits, Betts Plastics.
Biditup Auctions and Appraisals Studio City, CA Tel. (818) 508-7034 www.biditup.com	$70 million	Steven Mattes, President Vince Presto, General Manager	Auctioneers of worldwide industrial manufacturing assets including CNC machining, metal fabrication, printing, plastics, high tech and real estate.
Perfection Plant Liquidations Northbrook, IL Tel. (224) 927-5300 www.pplauction.com	$70 million	David Muslin, CEO/President Joel Bersh, Executive Vice President	J.T. Ryerson & Son; Delphi, Raytheon; Federal-Mogul, G.E. Aircraft, Rolls Royce,Timken, Owens-Illinois, Oasis Corp, Water Pik, Abbott Laboratories, Vice Grip – a Div. of Newell-Rubbermaid. Specialties are metalworking, plastics, wood working, printing, hospitals, transportation, construction and aircraft.
Investment Recovery Services Fort Worth, TX Tel. (817) 222-9848 www.irsauction.com	$56 million	Gregg Trenor, President John Henry, VP Acquisitions Britton New, Real Estate Executive Adviser	Merrill Lynch, Frost Capital Group, National Oilwell Varco, Nations Rent, Home Depot, Dover, NAI, Compass Bank, Northstar Bank, Berkshire Hathaway, IBM, Frost National Bank, Plains Capital Bank.
Thomas Industries, Inc. Guilford, CT Tel. (203) 458-0709 www.thomasauction.com	$49 million	Tom Gagliardi, Chief Executive Officer Tom Blakely, President, West Coast	International auctions of durable goods manufacturing equipment, real estate, inventories for: GE Global, General Dynamics, Nanya, IBM, RSB, World Color, RR Donnelley, Blue Cross, AIG, Intel, Qimonda, Bank of America, Wachovia, Citizens, Wells Fargo, Micron, MeadWestvaco, Muller Martini, Pinnacle Foods, NXP.
Plant & Machinery, Inc. Houston, TX Tel. (800) 282-8466 www.pmi-auction.com	$40-$45 million	Bob Braman, President Ron Moore, Vice President	Caterpillar, G.E., Exxon, Shell, Texaco, Electro-Motive Div. of GM, CBI, Trinity Industries, Bethlehem Steel, USX Corp., Armco, Figgie International, Lufkin Industries, ARA Automotive, Cooper Industries, Combustion Engineering, Chart Industries, Fadal, Ampex, Flextronics, Superior Industries, Sandvik, National Oilwell, plus many banks and trustees.
James G. Murphy Co. Kenmore (Seattle), WA Tel. (425) 486-1246 www.murphyauction.com	$40.3 million	Tim Murphy, President Todd Myers, Sales	Hertz, Stimson Lumber, Weyerhaeuser, PH&H Fleet Service, US Marshals Service, Puget Sound Energy, U.S. bankruptcy courts, financial institutions, cities and counties.
Rabin Worldwide San Francisco, CA Tel. (415) 522-5700 www.rabin.com	$40.2 million	Richard Reese, President Michael Bank, Senior Vice President	Nestle, Clairol, Kellogg's, Hershey's, Pfizer, Russell Stover, Orius Telecom, Mother's, Winn-Dixie, Slimfast, Interbake Food.
Asset Sales Auctioneers Charlotte, NC Tel. (888) 800-4442 www.asset-sales.com	$40 million	Mike Stewart Lance Mannion	Boeing Aircraft, Inger-Sol Rand, Park Industries, Robert Bosch, ABB. Specialties are metal working and fabrication, plastics, wood working, and printing industries.

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Worth Reading

Declining Demand, Divestiture, and Corporate Strategy

Author: Kathryn Rudie Harrigan
Publisher: Beard Books
Softcover: 437 pages
List Price: $34.95

by Henry Berry

Every product – including services – has a life cycle, with its ups and downs. In business, serious thought is rarely given to a product's life cycle. Companies are often slow to understand that products can come to an end, and the realization hits only when there is an irreversible decline leading to that end. During a down phase of the typical cycle, some in management may express concern about a product's viability, but few are willing to face the fact that a product is not going to pull out of a decline.

Harrigan deals comprehensively with a subject that most businesspersons are reluctant to face. Admitting that a product is in its "endgame" (a term Harrigan uses frequently) goes against the grain of most businesspersons, who, in general, are disposed to optimism about prospects, have a stake in the success of the company and its products, have experienced down phases of a business cycle before, and want to rise to the challenge of keeping a product viable. Thus, the reasons management usually does not recognize an endgame is attributable to experience, identity, hopefulness, faulty research or data, and analytic failures. The author takes up each of these influences, and addresses both psychological and technical aspects.

A product down phase and endgame share similarities, but they are different and this book can help management distingush between the two. Product endgame is ordinarily a sign of decline or even the endgame of an entire industry. Management can look at its competitors and also changes in the industry for unmistakable signs of a product endgame. There are fewer competitors, constricted product variety, withdrawal from smaller markets, and reduced promotional and developmental budgets by competitors.

Recognizing an endgame and dealing with it are different propositions, though, and this is where *Declining Demand, Divestiture, and Corporate Strategy* is most valuable. The strategies for dealing with it vary from sector to sector. Harrigan offers examples of endgame management for a broad selection of industries, in many cases using well-known companies and brands to illustrate. Baby foods, cigars, electric percolators, and rayon are among the consumer products that the author discusses. She also looks at manufacturers of products for industrial use, such as soda ash and acetylene, which are not well known outside of their sectors. Within these industries, names such as Consolidated Cigar, Mirro Aluminum, Beech-Nut Foods, Gerber Products, Allied Chemical, and Carbide Process once flourished. Harrigan covers each industry by reviewing the conditions that brought about the endgame, describing the endgame for companies in those industries, and analyzing both helpful and mistaken measures taken by management under the circumstances.

In all, 60 companies in 7 industry sectors are studied. Harrigan has gathered enough diversified material and organized and analyzed it so knowledgeably that comparisons can be made, not only among the different sectors, but also among companies. When she first wrote this book in 1980, it was a leading influence on the new field of endgame management. Endgames are even more inevitable in today's rapidly changing economy. Harrigan tells managers how they can develop strategies for dealing with product life cycles and, in doing so, lessening the adverse effects as much as possible. ¤

An award-winning scholar and author of many articles and books, Kathyrn Rudie Harrigan is the Henry Kravis Professor of Business Leadership at Columbia University.

Gen. Growth, *from page 4*

parent in deciding to file, and there was a huge debate around the DIP financing because it sought to use the SPEs' assets to collateralize a parent company's DIP facility.

Still, in November 2009, General Growth Properties announced a plan to restructure $10.2 billion in secured mortgage loans covering 103 of its properties (85 regional shopping centers, 15 office properties, and three community centers) – all told, 87 loans held by 195 debtors.

The plan allows the loans to be restructured and all undisputed creditor claims to be paid in full. It also includes an extension of the maturities of the loans, with no loan maturing prior to January 2014, and continuation of the interest on the loans at the current, non-default rate.

The SPEs were essentially preserved, and the debtor agreed to financially restructure the loans so lenders were more likely to get paid off when they mature," says Cross. "The lenders also negotiated for increased protections in both the organizational and loan documents to prevent a subsequent filing and substantive consolidation with other debtor entities."

The plan, which U.S. Bankruptcy Court Judge Allan Gropper approved on December 16, will allow the entities covered to exit bankruptcy protection by the end of the year.

"Confirmation of these plans of reorganization is a monumental step towards completion of GGP's overall corporate restructuring," said CEO Nolan in a statement. "We are hopeful that we will reach agreements with our remaining secured mortgage lenders expeditiously."

That was still in progress as of press time, with a hearing to approve the restructuring of another $1.7 billion in mortgages covering 10 more General Growth properties postponed because the company needed more time to solicit support from lenders, according to Adam Strochak, a partner at Weil, Gotshal & Manges LLP.

But expect any following activity to look similar to the first big restructuring. "The approved plans for the SPE debtors are essentially the same, so those in the pipeline are a continuation of the deal done on December 16," says Cross. ¤

Special Report

Outstanding Bankruptcy Judges – 2010

Judge	District	Comments
Hon. Kevin J. Carey	District of Delaware Wilmington, DE	An outstanding jurist who keeps to principles of law and adroitly manages one of the busiest Chapter 11 dockets in the country. Presided over the Tribune, Nortek, and Spansion cases. In Spansion, handled a very acrimonious case with multiple litigations in a way that was fair and has promoted the progress of the case.
Hon. Robert D. Drain	Southern District of New York New York, NY	Presided over the successful modification and consummation of Delphi Corporation's reorganization plan, which commentators have called "an essential element" in the Chrysler and GM restructurings. Also handling the Frontier Airlines, Readers' Digest, and Star Tribune Chapter 11 reorganizations.
Hon. Rosemary Gambardella	District of New Jersey Newark, NJ	Presided over U. S. Mortgage, which involved a $138 million fraud against Fannie Mae and credit unions. Other cases include Resorts International, Trump Taj Mahal, G-1 Holdings, and Kiwi Airlines. Unfailingly courteous, hard-working, and can be counted on to have read everything submitted prior to the hearing date.
Hon. Kevin R. Huennekens	Eastern District of Virginia Richmond, VA	Has been outstanding in Circuit City, showing a deep knowledge of debtor/creditor issues, and a willingness to accommodate case-sensitive schedules. Has written a number of important and thoughtful opinions on issues raised by the BAPCPA and not previously addressed within the Fourth Circuit or many other jurisdictions.
Hon. Ronald B. King	Western District of Texas San Antonio, TX	Presided over a very contentious, hotly litigated case with poise and excellent courtroom demeanor. Kept the case moving forward, and his management of the process ultimately facilitated a settlement that allowed the company to exit Chapter 11 within six months after the case was filed.
Hon. D. Michael Lynn	Northern District of Texas FortWorth, TX	A very smart and dedicated judge, with an excellent grasp of the Bankruptcy Code and the law. Manages cases well and is very accommodating to the needs of a particular case. Presided over such cases as Grandview Water Disposal Services, TCP Corporation, Margaux Westover Partners, and Sunny Corral Management.
Hon. James M. Peck	Southern District of New York New York, NY	Simultaneous with presiding over Lehman Brothers' bankruptcy, presided over Charter Communications case, perhaps the largest and most complex prearranged bankruptcy ever attempted. Ambitious scope and expedited timeline of restructuring would not have been achieved without his extraordinary efforts.
Hon. Brendan L. Shannon	District of Delaware Wilmington, DE	Presided over Pilgrim's Pride, SemGroup, Stallion Oil, Verasun, and Motorcoach. Keeps cases moving with humor, grace, and patience. Has ability to get to the salient points of very complicated situations. Rulings are always very well reasoned and well articulated. A very practical judge looking for the most practical solution.
Hon. Christopher S. Sontchi	District of Delaware Wilmington, DE	Presided over some of the largest cases this year, ranging from $100 million to $4.6 billion, including Visteon, Six Flags, Fairchild Corp., Goodys, Sun Times Media Group, Barzel Industries, Broadstripe, Proliance International, RathGibson, Inc., and Foothills Resources.
Hon. Mary F. Walrath	District of Delaware Wilmington, DE	Handled some of the largest cases in the country, including Hayes Lemmerz International; Qimonda North America Corp. and Qimonda Richmond; Magna Entertainment; Simmons Bedding Company; Pliant Corp.; Eddie Bauer Holdings; Protostar; Panolam Holdings; Ritz Camera Centers; and Crucible Materials Corp.
Hon. Peter Walsh	District of Delaware Wilmington, DE	An outstanding judge, sensible and fair in applying the law. Presided over many major cases, including Cooper-Standard Holdings, Masonite Corp., Magnachip Semiconductor, GSI Group, Indalex Holdings Finance, Merisant Worldwide, The Penn Traffic Company, and Norwood Promotional Products Holdings.
Hon. Gregg W. Zive	District of Nevada Reno, NV	Currently presiding over one of the largest gaming cases, Stations Casino, and recently presided over the successful restructuring of Herbst Gaming. Mindful of precedent, but very pragmatic in approach to the matters before him, as when he approved confirmation of one-day prepack of BlueBird a few years ago.

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Gnome de Plume

The End Is Near

by Christopher Beard

Last week, the government released the budget, and there's real trouble ahead. In short, the federal government is going to spend a whole lot more money every year than it will generate under its most optimistic revenue scenario after accounting benefits from numerous tricks, lies, and distortions that would be prosecuted if perpetrated by anyone outside government. The proposed solution is a profile in courage. Obama has appointed a commission to look into the matter.

The budget won't work. Nobody disagrees, including Obama. But this time we're talking about a near-term problem, not some happening in the distant future. David Walker, President of the Peter G. Peterson Foundation, says he thinks they have a maximum of two years to fix it. Others who will comment agree.

Was the budget a call to arms? Have the President and Congress risen to the occasion? No. They did what they usually do when called upon for tough decisions. They change the subject. Politicians advance their supporters' interests, not common sense or common good. The current crop are irresponsible spendthrifts. W. Obama. Pelosi. Reid.

The public may be angry about Wall Street bonuses and bailouts, the Tea Party members may be raising hell, and today's politicians may still be in charge when the consequences are visited upon us. Do they try to regroup? Not these guys. It's a handling problem to them.

For as long as I can remember, there has been somebody trying to warn us about our profligate ways. Harry Figgie, Jr., a well known business figure and entrepreneur, wrote *Bankruptcy 1995* in 1993. The Concord Coalition movement began in the early 1990s and continues today.

But, so far, we have never run out of fiscal string, and American presidents have never seemed to be constrained by cost. They are never deterred by finances from waging wars in remote places. They are always ready to buy a seat at any settlement of an international dispute by underwriting the peace. There has not been a noble idea that doesn't get some funding. The only real issue was who among us gets the bill.

But the world is changing, and we can't keep kicking the can down the road. Many residuals of the financial crisis remain and need to be solved. Commercial real estate. Securitization. Bank assets. Unemployment. Ridiculously low interest rates. Housing. Any one of these problems could easily turn ugly.

In addition, the financial crisis has reintroduced sovereign risk to the world. Creditors are no longer very sympathetic or understanding; they have their own priorities. The Brits didn't save Iceland. The Emirates were reluctant lenders to Dubai. The Germans can't figure out how to sell a Greek bailout to the populace. California is broke from excess spending, and The Terminator thinks the rest of us should pick up the tab. And the Chinese are tired of lending America money to fund reckless consumer spending and international initiatives they oppose. How long before sovereign risk escalates?

It's hard to be optimistic about finding solutions before we're forced to change when a centrist, measured Senator like Evan Bayh walks away because the inflexibility of so many shrill ideologues makes the work unbearable.

Without dramatic changes in the near term, this will end badly and end sooner rather than later. The end is near. ¤

Christopher Beard is the publisher of Turnarounds & Workouts

Future Issues:

- *Special Report: Restructuring Depts. of European Accounting Firms*
- *Special Report: People to Watch – 2010*
- *Research Report: Who's Who in Mesa Air Group, Inc.*

Donlin, *from page 2*

With the acquisition of Donlin, Recano & Company, King Worldwide has extended its offerings to include the full range of services required by companies at all stages of the bankruptcy process.

Donlin, Recano & Company also clearly benefits from the acquisition: Its guidance of clients through the bankruptcy process is now enhanced by the expanded printing, call center, and technology platforms offered by King Worldwide subsidiaries.

"Our new sister companies have tried-and-tested communications platforms for large-scale projects, along with extensive experience and skill in preserving brand, management, and corporate integrity on a global basis, all of which complements our expertise in bankruptcy management services, while reinforcing our long-standing commitments to efficiency and client service," says Louis A. Recano, CEO of Donlin, Recano & Company.

Access to D. F. King & Co.'s services will likely be of particular benefit to Donlin, Recano & Company. As noted above, D. F. King & Co offers information technology, distribution, and call center services, along with investor and creditor identification.

With the acquisition of Donlin, Recano & Company, King Worldwide, which has offices in New York, London, Dubai, Munich, Stockholm and Hong Kong, now has 350 professionals serving more than 1,000 clients.

In November 2009, Sage Holdings rebranded itself as DF King Worldwide, or King Worldwide for short, to communicate "strength and durability," according to Niedermaier. ¤

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