

2011 TMA  
Annual Awards



**Recognizing excellence in  
turnaround management  
and corporate restructuring**

# Turnaround and Transaction of the Year Awards

Since 1993, the Turnaround Management Association has honored excellence through its annual awards program, which recognizes outstanding achievement in the following categories.

## Turnaround of the Year Awards

The award is presented to TMA members who have played a role in the most successful turnaround in the following categories:

### Mega Company

Company revenue at the onset of the turnaround was \$1 billion (USD) or greater.

### Large Company

Company revenue at the onset of the turnaround was between \$300 million (USD) and \$1 billion (USD).

### Mid-size Company

Company revenue at the onset of the turnaround was between \$50 million and \$300 million (USD).

### Small Company

Company revenue at the onset of the turnaround was less than \$50 million (USD).

### International Company

Company has significant cross-border operations.

### Pro Bono

Organization would be unable to attain restructuring assistance without pro bono support.

## Transaction of the Year Awards

The award is presented to TMA members who have played a role in the most impactful transaction (non-operational restructuring) in the following categories:

### Mega Company

Company revenue at the onset of the transaction was \$1 billion (USD) or greater.

### Large Company

Company revenue at the onset of the transaction was between \$300 million (USD) and \$1 billion (USD).

### Mid-size Company

Company revenue at the onset of the transaction was between \$50 million and \$300 million (USD).

### Small Company

Company revenue at the onset of the transaction was less than \$50 million (USD).

## 2011 Turnaround and Transaction Awards Committee

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Mesirow Financial Consulting LLC

MID-SIZE COMPANY

# Turnaround of the Year



**Aaron Kibbey**  
LM+Co



**Diana Lee**  
RBC Capital Markets,  
formerly of LM+Co



**Helana Robbins**  
LM+Co



**Kevin T. Shea**  
LM+Co



**Martin Young**  
LM+Co

# Young Broadcasting LLC

Established in 1986 by a father and son, Young Broadcasting, Inc. grew from two stations in Lansing, Mich., and La Crosse, Wis., to 10 stations that collectively penetrated 6 percent of U.S. households.

After entering a top-10 market for the first time in the late 1990s, the television station owner channeled its big ambitions by sealing a record-setting deal to acquire San Francisco's KRON-TV. But when NBC pulled the plug on its affiliation with KRON, it set the stage for unwelcome drama.

With no other major network affiliations available, KRON operated independently and quickly saw its financial performance and value decline. Revenues and cash flows plummeted, forcing the parent company to sell stations, cut staff, and curtail capital expenditures (CAPEX) vital in a highly competitive business. By 2006, the balance sheet told a sobering story of a company strained by more than \$830 million in senior and unsecured debt and struggling with liquidity challenges.

The 2008 financial crisis changed the scene for the worse as businesses reined in advertising spending, the primary revenue source for TV stations. KRON's negative cash flow created persistent challenges for management that soon spread to Young's other stations because of continued underinvestment.

In January 2009, Young Broadcasting's senior secured lenders retained LM+Co as their financial advisor. One month later, the company filed for Chapter 11 protection.

As the bankruptcy case progressed, the LM+Co turnaround team scrutinized operations to identify primary drivers of Young Broadcasting's troubles. There were many:

- KRON's cash drain and the subsequent company-wide CAPEX reduction had stripped stations of necessary technology upgrades.
- To further cut expenses, Young removed key management personnel at some stations, significantly reducing its ability to monitor daily operations and financial performance.
- Young had maintained an in-house national sales force whose results were inferior to companies that outsourced this function.
- The company also lacked a system for analyzing how television programs purchased from third parties affected the bottom line.

A competing plan from unsecured creditors proved unsuccessful and the company emerged from court protection under the debtor's plan in June 2010. The plan gave 100 percent of the new company's equity to senior secured lenders and reinstated \$75 million in senior secured debt. The new board immediately hired LM+Co and asked team members to assume critical roles to direct Young Broadcasting's emergence.

After removing the CEO, CFO, and business development director, the team initiated an emergency purchase of about \$2 million in equipment to improve news reporting, and a

broader \$13.5 million plan to upgrade all stations to a high-definition broadcast platform complete with automated control centers. The restructuring team outsourced the national sales functions and relocated corporate headquarters to a more affordable site. The team also established a system to measure the profitability of both previously purchased programs and those under consideration, and realized nearly \$2 million in savings after reviewing all contracts and renegotiating the employee benefits plan.

By the fourth quarter of 2010, the company's financial performance was drawing positive reviews.

- Revenue increased to \$211.7 million from \$181 million the previous year.
- Earnings before interest, taxes, depreciation, amortization and restructuring costs (EBITDAR) doubled from 2009 levels, to \$60 million.
- Operating profit more than doubled to \$37.9 million, from \$18.8 million.
- Cash more than doubled from the end of 2009, to over \$45 million.

The team's actions provided new management with systems to achieve improved cash flows and a CAPEX plan to keep the company competitive in news production and broadcast technology. In April 2011, the board installed a new CEO and the turnaround team stepped back into a supporting role.