



日本の 企業再建
JAPAN CORPORATE
BANKRUPTCY & RESTRUCTURING:

TSUNAMI OR
RISING SUN



June 2-3, 2004

Roppongi Academy Hills
Tower Hall (49th Floor)
Tokyo, Japan

Day One

7:30 - 8:00 am **Registration**

8:00 - 8:15 am **Opening Welcome**

John F. Tsui, Conference Chairman
President, Peninsula House, LLC

Nicholas Platt, President
Asia Society

Professor Aoi, Dean
Keio University (Business School)

8:15 - 8:45 am **Opening Keynote Speaker**

Bankruptcy and Corporate Turnaround Issues and Initiatives: What are the Catalysts for Change?

Honorable Shinjiro Takagi, Chairman

Industrial Revitalization Corporation

Honorable Burton R. Lifland, former Chief Judge

United States Bankruptcy Court - Southern District of New York

8:45 - 9:45am **Roadmap for Japan's Industrial Corporate Workouts in Restructuring and Turnaround**

Mired with thousands of "zombie companies" that are on life support, corporate bankruptcies are occurring at an unprecedented rate. The cost structure of Japanese companies is excessive. General and administrative expenses to revenue is 2.5 to 3 times the size of any comparable US company. Corporate debt to equity still hovers over 300%. With Japan's myopic corporate focus on sales growth and asset growth, it is no surprise that over 40% of all listed companies on the Tokyo Stock Exchange earn less than 1% after tax on their assets.

Wilbur Ross, President

WL Ross & Co.

Toshinao Matsushima, CEO

Daiwa Securities SMBC Principal Investments Co. Ltd.

Jay Alix, President & CEO

Alix Partners

Antonio C. Alvarez II, Founding Managing Director

Alvarez & Marsal, Inc.

Hiroshi Toda, Executive

Nomura Securities

9:45 - 10:15 am **Coffee and Tea**

10:15 - 11:15 am **Morning Keynote Address**

The Sun Always Rises From The East

11:15 - 12:15 **Distressed Debt and Securities Investing in Japan: Risk and Rewards**

Sub-performing and non-performing loans are draining the lifeblood of the Japanese economy. While \$64 billion in book value of NPL were disposed of since 1997 among the 12 major banks, an estimated \$133 billion of new non-performing loans surfaced during this period. The FAS estimated \$275 billion of problem loans, but Goldman Sachs put an estimate close to \$2.6 trillion. An amazing 60% of Japanese listed companies trade at market capitalization lower than their asset value.

Shuhei Abe, Chairman

SPARX Asset Management Co., Ltd.

Louis J. Foster, Managing Director

Cerberus Japan K. K.

Hiroshi Nakamura, Managing Partner

Moore Strategic Value Partners Japan, LLC

Warren D. Allderidge, Managing Director

AMROC Investments

12:15 - 1:00 pm Alternative Assets Investment: Sources of Japanese Institutional, Pension and Private Capital

Though Japanese financial institutions, pension plans and individuals have participated in hedge fund and private equity offerings, most money managers and investment advisors have their holdings in equities and bonds. There is no less than 1,000 pension advisors whose average assets under management total \$1 billion. And real estate investments among pensions and institutions allocate about .1% compared to the real estate holdings among US pension plans of 5%. And how does one tap the \$11.5 trillion socked away in banks and postal savings. Alternative asset investment segment is expected to grow three to fivefold with the market size equal to \$25 billion to \$40 billion by 2005.

Masao Konomi, President

Konomi, Inc.

Mizuho Financial Group

Nikko Investment & Trust Management

**1:00 - 2:15 pm Luncheon Keynote Speaker
The Art of Corporate Turnaround in Japan**

Carlos Ghosn, CEO

Nissan Motors

2:15 - 3:15 pm Creditors and Debtors: Insights on Japanese Corporate Workouts and Restructurings

Over the past five years, category four loans (non-performing) has been purged from the banks at the tune of some ¥10 billion per annum. Among the four main banks, it is reported that there are still over ¥140 trillion of non-performing or sub-performing loans encumbered on the bank's balance sheet. This panel will discuss the interpersonal and financial dynamics between creditors and debtors, as well as ways to unleash value with creditors and ways to deal with inter-creditor arrangements.

Yasuyuki Miyoshi, Founding Partner

The Longreach Group

Seko Nishita, Senior Vice President - Loan Restructuring

Sumitomo Mitsui Banking Corporation

Yoichiro Yokoyama, Deputy Director General

Development Bank of Japan

Tsukasa Kimura, Managing Director - Turnaround Investments

Orix

Hiroshima Bank

Yokohama Bank

3:15 - 3:45 pm Coffee and Tea

**3:45 - 4:15 pm Afternoon Keynote Address
Japan, Inc: Governance, Transparency, Renewal & Growth**

Timothy Collins, President

Ripplewood Holdings

4:15 - 5:15 pm Management Buy-ins and Distressed Investing: Minefield or Goldmine

According to an old Chinese proverb " You cannot catch big fish in still, clear water". According to Nihon Keizai Shimbum, corporate restructuring funds targeting Japan will top over \$8 billion in 2003 with enough gunpowder to acquire \$25 billion of businesses. Compared to the volume of American buyout transactions \$33 billion in 2002, the Japanese buyout market is much smaller with 39 deals completed in 2002 with a corresponding transaction volume of \$900 million.

Shunichi Maeda, Senior Executive

Lehman Brothers

John Ehara, Managing Director

Unison Capital LLC

Masayoshi Nawa, Chief Executive Officer
Nawa International Co., Ltd

Motoya Kitamura, Private Equity Researcher
Mitsubishi Research Institute (MRI)

Tomoo Tasaku, Partner
Pricewaterhouse Coopers

Nobuo Matsuki, Managing Partner
MKS Partners

5:15 - 6:15 pm Gaishi-nization of Japanese Companies - Strategies to Revitalize

The maturation of businesses in Japan is requiring Japanese executives to be change agents and foster process change management. As Japan move from Keiretsu to Gaishi style management, there will be greater adoption and acceptability of Kaiko (firing), Kitsui (demanding) and Kyoso (competition). The panel will focus on ways and specialists that facilitate the transformation and turnaround of businesses.

Labor Relations Sakie Fukushima, Senior Client Partner - Japan
Korn/Ferry International

Mergers & Acquisitions Junichi Chikawa, General Manager
RECOF Co., Ltd.

DIP Financing Hiroto Matsuda, Director
Development Bank of Japan

Real Estate NPL Yoshinobu Shiota, Chairman
Global Prospect Partners LLC

Financial Advisory Yasuda, Managing Director - Corporate Restructuring & Advisory
Nikko Salomon Smith Barney

6:15 - 7:30 pm Cocktail Reception

Day Two

7:00 - 8:00 am **Continental Breakfast**

8:00 - 8:30 am **Morning Keynote Speaker**

Japan's Corporate Renaissance: Its Impact and Role in the World's Economy

Yoshiko Miyauchi, President and CEO

ORIX Corporation

8:30 - 9:30 am **Turnaround Surgeons: Strategies for Revitalization of Japanese Companies**

Construction, retail trade, real estate, transport, finance and insurance are among the first casualties of Japan's economic demise. According to Tokyo Shogo Research, manufacturing sector bankruptcies is now pervasive and is leading the second wave of restructuring. The panel will discuss operational turnaround strategies, as well as corporate business plan initiatives. Other operations remedies may encompass senior executive replacement, liquidity concerns, vendor/supplier relationships, cost reductions initiatives, disposition of non-core assets, real estate spin-off and/or sale leaseback, outsourcing, off-shore production, supply chain optimization.

Richard A. Gitlin

Gitlin & Co. and Advisor to Nomura Securities

Harvey R. Miller, Managing Director

Greenhill & Co.

Hideyuki Sakai, Attorney at Law

Law Offices of Hideyuki Sakai

9:30 - 10:00 am **Coffee and Tea**

10:00 - 11:15 am **Real Estate Monetization: A Source of Liquidity in Corporate Workouts & Rationalization**

Real estate represents a significant percentage of total assets of Japanese corporation. It is not uncommon to uncover as much as 50%. Land alone make-up on average 23% of corporate assets. Liquidation of non-core assets such as real estate will be integral to the corporate revitalization. The impairment accounting rule to be introduced in 2004 will further accelerate real estate spin-offs.

Osamu "Sam" Kaneko, President

K. K. da Vinci Advisors.

Scott M. Kelley, Managing Director

Aetos Capital Asia GP, LLC

Daniel H. Klebes, II, Managing Director - Merchant Banking

Goldman Sachs (Japan) Ltd.

Yuichi Hiromoto, President

Mitsubishi Corp - UBS Realty

Akiyoshi Inoue, President

Sanyu Appraisal Corporation

11:15 - 12:30 pm **Corporate Workouts Case Study**

This panel will examine the legal, accounting and labor issues in corporate failures, restructuring and bankruptcy. As cross-shareholding unravels and assets are marked to market, the speed at which troubled banks work out and purge out bad loans from moribund companies will accelerate. Discussion focuses on turnaround strategies including out-of-court workouts, debt for equity swaps, sponsor led restructuring, lender liability issues, interim management, debtor rights and forms of credit facilities/exit financing.

Manufacturing

Real Estate

Financial Services

Retail

Banking

Distribution

Insurance

12:30 pm **Adjournment**