



TURNAROUND MANAGEMENT IN THE ENERGY AND POWER SECTORS

THE POWER OF PROVEN LEADERSHIPSM

Chicago – Connecticut – Greensboro – Milwaukee – New York – Newport Beach – San Francisco



INTRODUCTION TO ALTMA GROUP, LLC

ALTMA Group, LLC is a national organization specializing in crisis management, restructuring and reorganization of underperforming and troubled businesses in out-of-court environments as well as Chapter 11 bankruptcies. The company has more than 50 experienced professionals, all of whom are former CEOs, CFOs or senior managers. With seven strategically-located offices, ALTMA serves clients both nationally and internationally across a broad spectrum of industries and service sectors, and has participated in over 600 business restructurings. In the process of achieving successful turnarounds, ALTMA has created aggregate value for stakeholders well in excess of \$1 billion.

ALTMA's clients are investors, lenders, creditors, shareholders, directors and managers of underperforming or financially-stressed assets and/or operating companies that need fast, informed, and unbiased action to save, restore, or enhance economic value. They are also potential buyers of, investors in, or lenders to these types of assets who need insight and urgent advice – free from vested interests and conflicts. ALTMA provides a disciplined, dispassionate approach to due diligence, decisive action and to the process of managing these businesses as the basis for creating value.

ALTMA'S ENERGY AND POWER SECTOR PRACTICE

ALTMA professionals have considerable experience in the energy and power sectors. They have held senior executive positions with in-depth involvement in the oil, gas and natural resource industries; the renewable energy sector; a number of related service businesses; and in energy and environmental technologies. In the electrical power industry, ALTMA's energy and power professionals have held substantial operating responsibilities and have had exposure to all aspects of generation, merchant and distributed power facilities, and transmission and related infrastructure and technology issues.

Based on experience in these sectors, ALTMA has the ability to provide qualified experts with a wide range of specialized technical and functional skills to meet specific client needs. This capability allows ALTMA to quickly and objectively evaluate technology and processes, determine and benchmark operating performance and practices, appraise marketing and support programs, assess environmental and regulatory issues and risks, and understand the market and competitive landscape. In addition, ALTMA is well qualified not only to evaluate the broader commercial, organizational and financial capabilities and issues in any given situation, but also to recommend new or remedial initiatives, develop strategy and goals, and take responsibility for implementing agreed actions.

ALTMA combines this industry-specific expertise and management capability with its proven turnaround, restructuring and financing skills to provide a fully integrated service to clients in the energy and power sector. The ability to offer in-depth operational and technical evaluation, together with experienced management to affect changes, and also substantial restructuring expertise to facilitate those changes, represents a truly unique basis for ALTMA to create maximum value from financially stressed assets or operations.



ALTMA'S BUSINESS APPROACH

ALTMA professionals employ the same proven approach, skills and tools when providing solutions in the energy and power sectors as they do in other industries:

1. *Rapid Situation Assessment*

- End game: Is it possible to accomplish a restructuring or is a sale or liquidation the best solution?
- Short-term survival: Is the company viable? Is there a core business? And is there enough money and other resources available to enable a recovery, in or out of bankruptcy?
- Long-term strategy: What will it take to create financial stability and increase stakeholder value?

2. *Management*

- In a turnaround, executives who are not capable of developing and implementing a recovery plan or who will impede the process must be replaced.
- In these situations, an ALTMA professional, empowered to take necessary actions, will assume control of the company on an interim basis.

3. *Emergency Action*

- Amputating problem activities: operations, product lines, R&D, marketing initiatives, etc.
- Stemming the bleeding of cash.
- Selling non-essential or non-core assets.
- Cutting costs.
- Improving liquidity and controlling the cash.
- Focusing all effort and attention on boosting revenue and cash flow from the healthy parts of the operation.
- Creating the opportunity for a longer-term strategy to be implemented.
- If a long-term strategy is not viable, positioning the company for a quick sale.

4. *Restructuring*

- Refinancing the company to secure long-term survival and profitability.
- Identifying and recruiting new management.
- Ensuring the culture will support the longer-term strategy.

5. *Return to Normal*

- Implementing the strategic growth plan.
- Monitoring achievement of key objectives and milestones.
- Disengaging from an active management role.
- Assisting with post-recovery issues.
- Providing continuity in a limited advisory role.

Although ALTMA's business approach is process-driven, ALTMA professionals understand that every individual situation is unique and will tailor the application of this process for each client as necessary.



CASE HISTORIES

ALTMA professionals have successfully worked on a wide variety of turnaround situations in the energy and power sectors. The following examples are representative assignments.

For a European Investment Trust:

Provided interim CEO and turnaround services for a U.S. portfolio of diversified power, energy technology and agricultural holdings in severe financial difficulties. Developed and implemented plan to optimize and later sell operating interests in energy savings and thermal energy storage companies; to project finance and sell biomass and geothermal power plants; to spin off some other technology companies and to successfully restructure the organization and its holdings to focus on key, income producing real estate and forestry assets.

For shareholders:

Appointed as interim CEO to stem \$1MM+/month negative cash flow at an operating subsidiary in the oil and gas service sector and to position the company for disposal. Executed crisis management actions as follows: replaced non-performing executives; scaled back manufacturing to align with sales; eliminated excess inventory; sold non-essential assets. Stabilized operations and achieved break-even cash flow, enabling sale of company on attractive terms.

For shareholders:

At a major utility, led the turnaround of a 2,200MW fossil-fueled power plant with a steadily worsening operating record. Analyzed all key performance parameters, evaluated economics and risks of improvement options, and developed and implemented program to assure success of changes at all levels of the organization. Eliminated accidents and injuries, improved thermal efficiency and achieved 65 percent improvement in the plant's operating availability.

For shareholders and creditors:

Provided interim CEO, CFO and restructuring services for a unique, highly energy-efficient distillation technology with multiple applications in industrial processing and energy production, but with poor management and severe cash flow problems. Raised bridge financing, developed marketing plan, and devised pre-packaged Chapter 11 strategy to refinance and turnaround the company.

For creditors:

Acted as interim CFO at an international energy, trade finance and commodity trading company with substantial financial exposure. Restructured subsidiaries and holding companies to isolate legal liabilities and trading risks; wound up unprofitable operations; renegotiated debts and enabled surviving entity to continue operations, pursue new business and eventually repay all creditors.

For a non-profit research and development organization:

Acted as principal in effort to reverse revenue decline and loss of valuable customers through commercialization of intellectual property. Utilized proprietary technology to create web-based service for monitoring nuclear power plants and led a high performance engineering team to



provide performance optimization services for power plants. As a result, market penetration increased, substantial new revenues were generated, and profits were well above plan.

For a leading private equity group:

Engaged as senior management team to assess, acquire, restructure and operate a major manufacturing and power development company in the renewable energy sector. Conducted full due diligence, critiqued product line and engineering skills, evaluated organizational capabilities, identified strategic weaknesses, developed business and operating plan, and raised supplementary financing for acquisition and working capital.

For an energy consulting firm:

Evaluated the market and growth characteristics of gas and electric trading, as these activities were in the process of becoming less regulated at the time. Developed and targeted specific management consulting services to small and medium capitalized energy traders and merchant plant developers. Expanded the business to include M&A consulting and investment banking services for electric utilities, independent power producers and gas pipeline companies.

For an energy services company:

Analyzed the profitability and growth potential of a demand side management (DSM) unit operating in the Pacific Northwest. Negotiated early termination of unprofitable shared profit contracts, downsized operations, and achieved profitability and positive cash flow under a financially and operationally restructured operation.

For State Clean Energy Fund:

Acted as financial advisor for a State Clean Energy Fund that had invested in an energy cooperative, a closely-held energy firm providing environmentally-friendly "green" energy such as hydroelectric and wind-generated electricity to customers throughout State. The firm had been severely impacted by the resignation of its CEO, a weak operational structure and poor energy management. In the role of financial advisor, an assessment was completed that called for either a liquidation of the business or an additional investment only as part of a Chapter 11 proceeding. The end result was that the company was later liquidated.

QUALIFICATIONS AND KEY PERSONNEL

ALTMA's energy and power practice is managed and staffed by a core group of qualified personnel with a wide range of senior management and functional experience in these sectors.

Russell Burbank, CTP, a turnaround executive with a background in the energy, power and environmental technology sectors, is the ALTMA principal in charge of this practice. Tony Amor, a senior executive with extensive experience in the energy industry, manages the client assignments. For work in the power sector, other senior personnel provide operational expertise across a multitude of key disciplines. In addition to its in-house functional and turnaround skills, ALTMA also has a network of outstanding industry and technical experts that it calls on, depending on the particular requirements of each assignment.

Individual biographies are as follows:



► **TONY AMOR**

Mr. Amor has over 30 years of experience in the energy and power business. He has held management, senior executive and board positions at Shell International, Natomas, and several other companies. He has worked in the upstream and downstream oil, gas and coal sectors, various parts of the renewable energy industry, energy and environmental technologies, the energy services sector, and the power industry.

Frequently sought out to perform interim executive duties, Mr. Amor has also successfully completed a number of assignments to restructure and turnaround companies with financial problems and has represented shareholders, creditor groups, venture capital and private equity groups. He has worked with privately-held new and emerging ventures, mid-market companies and Fortune 500 conglomerates. Mr. Amor also has extensive M&A experience, has helped several companies raise capital, finance projects, sell non-core operations, and implement business development and marketing strategies. In addition, he has direct working knowledge of bankruptcy proceedings.

Mr. Amor spent the early part of his career working in Europe, Australia and Venezuela in the downstream, supply and trading sectors of Shell International. He later helped to establish a trading operation for Natomas in Los Angeles, before moving to San Francisco to run what became a highly successful renewable energy business and to help lead development of Natomas' upstream oil, gas and coal activities.

Mr. Amor has an M.A. in Economics from Cambridge University and an M.B.A. from Harvard University Graduate School of Business Administration.

► **RUSSELL K. BURBANK**

Mr. Burbank is an accomplished turnaround executive with a history of demonstrated success with public and private businesses. He has led divisions of major corporations as well as small to medium-sized companies with limited resources. He has consistently met investor objectives by repositioning companies in difficult circumstances and then arranging mergers and sales.

Much of Mr. Burbank's professional career and turnaround work has been in the energy sector. Among his accomplishments is the organization and start-up of a subsidiary to commercialize technology for the Electric Power Research Institute (EPRI). He also managed the turnaround and sale of a manufacturer of oil field services equipment; the turnaround and sale of a division of a demand side management (DSM) provider; the start-up of a marketing services practice for a energy management consulting firm; and management of five-fold revenue growth for a multi-national alternate energy developer and independent power producer.

Since joining ALTMA, Mr. Burbank has completed successful business recovery and turnaround assignments for technology-based clients in the aerospace, semiconductor, Internet, biotech and process software industries. Mr. Burbank has earned the designation of Certified Turnaround Professional (CTP) by the Association of Certified Turnaround Managers. He is an active member of the Turnaround Management Association and the Association for Corporate Growth.

He holds a B.Sc. degree in Chemical Engineering from the University of California, Berkeley and an M.B.A. degree from Stanford Graduate School of Business.



► **MATTHEW G. OLEARCZYK**

Mr. Olearczyk has over 20 years of experience in the electric utility industry. He is a recognized expert in conducting operational and investigative assessments of power plants and in the design, construction, operation and maintenance of utility distribution systems.

Mr. Olearczyk held various management positions at Public Service Electric & Gas Company in New Jersey, before joining the Electric Power Research Institute (EPRI) in Palo Alto, California. He was EPRI's industry expert in Power Delivery practices, and managed a collaborative program funded by over 30 major utilities to improve the reliability of electric distribution systems in the U.S., which also involved research into the key drivers of electric utility cost and reliability.

Among other assignments, Mr. Olearczyk performed a complex quality audit of another multi-million dollar evaluation performed by another consultancy for one of the largest electric utilities in the U.S. He conducted extensive reviews of management, engineering and maintenance practices, and in the process successfully rebutted the conclusions of the original audit.

Mr. Olearczyk has a B.Sc. in Mechanical Engineering from Widener University, Chester, PA.

► **JACOB M. RUDISILL**

Mr. Rudisill has over 25 years of experience in the energy and power industries. He has strong technical, operational and management skills and is an expert in asset valuation, contract negotiation, commercial dispute resolution, and performance improvement and profit enhancement programs. He has also successfully completed several turnaround assignments involving energy investments that were losing money.

Mr. Rudisill began his career working for several natural resource companies, where he was responsible for leading multi-disciplinary teams to evaluate, acquire and sell energy exploration and production assets. He was also responsible for field operations, improvements in power plant performance and development of new power facilities.

More recently, Mr. Rudisill was a senior executive at Calpine Corporation, playing a key role in the company's entry into the California deregulated power market and in its subsequent growth. He led a number of successful acquisitions and managed an asset portfolio approaching 7,000MW.

Mr. Rudisill has a B.Sc. in Mechanical Engineering from North Carolina State University and a M.Sc. from Stanford University.

► **JOHN TRIPOLITIS**

Mr. Tripolitis has over 20 years of experience in the electric utility industry, with particular expertise in identifying and implementing performance improvement opportunities and leading process design initiatives to reduce costs and increase reliability.

He spent most of his career at GPU Energy in Reading, PA. Among his many management and consulting assignments, Mr. Tripolitis has led major reliability improvement and maintenance redesign programs, prepared expert testimony on capital and operating costs as part of a rate



proceeding, developed new organizational designs to facilitate utility business processes, and performed technical due diligence and valuation as part of a proposed utility acquisition.

Mr. Tripolitis has a B.Sc. in Electrical Engineering from Lehigh University and an M.B.A. from Pennsylvania State University.

► **RON WILLIAMS**

Mr. Williams has over 25 years of experience assessing and improving performance of systems in the electric power generation and distribution industry. He is an expert in valuing utility investments in power generation and distribution assets, in operational evaluation and turnaround management of power plants, and in organizational design and change leadership to accomplish complex performance goals.

Mr. Williams spent the majority of his career in various key management positions at Pacific Gas & Electric Company (PG&E) in San Francisco. At PG&E, Mr. Williams was involved in all aspects of power plant design, construction, start-up, operation, performance assessments and management, including asset sales and consolidation. He has contributed extensively to EPRI's work on utility system reliability and costs, and, separately, has also given expert testimony in a major hearing on delivery service tariffs.

Mr. Williams received his original training in the Nuclear Submarine Program of the U.S. Navy, and also has a B.A. in Business Management from St. Mary's College, Moraga, CA.



CONTACT INFORMATION:

For further information about ALTMA, please visit our website at www.altma.com. To obtain additional information about ALTMA's capabilities in the energy and power sectors, please contact any of the following people:

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