

WORK GROUP SESSION 2 HANDOUT PACK

1. SECTION 1: UPDATED FREQUENTLY ASKED QUESTIONS

1.1 WHAT ARE THE DIFFERENT MEMBERSHIP CATEGORIES?

The following response was received by the TMA in answer to the apparent discrepancy between categories used when applying for membership on the TMA's web site, and the categories in the Chapter Leadership Manual - the response replaces the material in Model by-laws Article VI Section 1 page 37:

"The Leadership Manual is in need of some updating. We no longer separate members into practitioner and associates. TMA members are classified as (a) Members (b) Students (c) Academic/Government employees."

1.2 WHAT ARE THE STAGES INVOLVED IN BECOMING A FULL CHAPTER OF THE TMA?

TMA response:

"In order to reach "Chapter in Formation" status, the chapter must have 10 members in good standing.

In order to reach "Provisional Chapter" status, the chapter must have 25 members in good standing and supply the documentation outlined in the attachment (I believe I sent this last week).

To become a full chapter, you must remain a "Provisional Chapter" for one year and maintain at least 25 members. It doesn't appear that this will be difficult for the SA group."

1.3 WHAT HAPPENS TO FUNDS RAISED BY THE SA CHAPTER?

From the Chapter Leadership Manual:

"Chapters can defray operational or event costs by corporate sponsorship. Except for new membership and renewal fees, funds generated by chapters are reserved solely for their use and are not shared with TMA head quarters."

1.4 WHAT IS THE TMA'S STANCE TOWARDS THE ASSOCIATION OF BUSINESS ASSESSMENT AND RECOVERY PROFESSIONALS?

Below follows an extract from the 5th May 2004 letter from the TMA's Launch Steering Group's Chairman-designate: Themba September:

"You may be aware of this association, since it was part of the proposals made at Department of Justice's workshop in March this year.

The ABARP will be under the control of the State Law Advisor. Turnaround professionals will be appointed from a panel, a similar procedure to that currently pertaining to the appointment of liquidators at present, and the various panels will be at the disposal of the Master's Office. To serve on the turnaround panel, one must belong to ABARP. To qualify, candidates need to be:

- Lawyers - minimum admitted 5 years' experience, 3 years' of practicing for own account/partner/director, practicing attorney and member of Law Society.
- Accountants - minimum admitted 5 years' experience, 3 years' of practicing for own account/partner/director, practicing attorney and member of Institute of Chartered Accountants.
- Liquidators - minimum 8 years' experience and member in good standing with AIPSA, ABIB OR IPSA.
- Other - appropriate (financial?) qualifications, 5 years' practice, and 3 years' of practicing for own account/partner/director.

This summary may be truncated and/or super-ceded by events, and represents my understanding from discussions held at DoJ in March. I trust Patrick Daly at Daly Inc would be more in a position to give you chapter and verse on ABARP.

What is important to understand is that ABARP is geared to cater for the future "formal turnarounds" or "legislative" turnarounds only. In contrast, the historical driving force behind the SA Chapter of the TMA is to cater for the current informal turnaround sector i.e. turnarounds associated with shareholder, creditor /bank workouts and those turnarounds that take place in the time continuum ahead of the legislative processes.

Naturally, I am confident that the local TMA chapter will support the "new business rescue model" initiative, as it is certainly symbiotic to its objectives. Most prospective members are ready to and some already do actively assist in the furtherance of a change in the ethos from a primarily liquidation mode to a rescue/wealth preservation one. We are thus ready to assist with the promulgation and practical applications of the new business rescue legislation, should the State Law Advisory wish us to play a role. In fact, it is envisaged that the local TMA chapter will support ABARP by promoting BEE in the formal turnaround industry, helping TMA members to qualify for admission to ABARP, help with a training and certification programme to attract new blood to the formal turnaround industry, especially black professionals, etc.

There is and can be no conflict between establishing the local TMA Chapter and the advent of ABARP. In fact, our various groups (Work-, Advisory-, etc incorporate professionals who are closely involved with the ABARP initiative."

1.5 >>New<< CAN THE ROLES OF THE CHAIRMAN OF THE BOARD AND THE PRESIDENT (CE) BE SEPARATED IN LINE WITH SA'S KING 2 PRINCIPLES?

TMA response:

"Yes, this is fine. In fact, our International Board of Directors is lead by a Chairman and President. We will need you to specify which position will hold the seat on the International Board of Directors."

1.6 >>New<< CAN THE SA CHAPTER USE MORE FAMILIAR TITLES INSTEAD OF "PRESIDENT", "VICE-PRESIDENT" ETC.?

TMA response:

"Yes, please feel free to use the language that is most familiar to South Africa. For consistency sake, the position that holds the seat on the International Board of Directors will be referred to as the "President of the South Africa Chapter" in international publications such as the directory and annual report."

1.7 >>New<< HOW INDEPENDENT WILL THE SA CHAPTER BE OF THE TMA IN THE USA?

The SA Chapter, will like the Chapters in the USA and Chapters in other countries, be separate corporate entities.

The only stipulation from the TMA, as laid in the TMA's model by-laws, is that that the SA Chapter be properly constituted with best practice structures in place.

TMA response:

"The Turnaround Management Association (TMA) does not dictate turnaround policies, but is an association of turnaround professionals from many disciplines including bankers, lawyers, financiers and accountants who have a common interest in corporate renewal.

The Association provides networking and educational opportunities on local, regional, national and international levels.

The Association is organized as a non-profit association with independent chapters (city, region, state or country) that are incorporated in local jurisdictions and follow TMA guidelines and policies.

To assist in chapter formation, TMA provides model by-laws to groups interested in forming a chapter. This is done as a service to the group in order to cut down on legal fees that would be required to develop such by-laws. It is a requirement that all by-laws that are developed be reviewed by local legal counsel to ensure the compliance with all laws and regulations of the country of residence. It is also encouraged that the by-laws be tailored to fit the local customs and business environment. The by-laws will also be reviewed by counsel for TMA to confirm that they are consistent (subject to local customs and laws of the chapter) with TMA policies and guidelines.

The model by-laws that have been developed encourage sound organizational development and management and do not in any way dictate the laws, regulations and policies of the turnaround industry.

Turnaround professionals work independently and not on behalf of or at the direction of the association. They are members of the association for professional, networking and educational purposes. Therefore, members may be retained by other members, however that is an arrangement between those members that may have been facilitated by their mutual involvement in TMA.

Each member is responsible for their actions in fulfilling their own professional engagements. TMA does require that all members sign a Code of Ethics ensuring the highest standards of professionalism, integrity and competence for those engaged in all matters involving turnaround and crisis management and corporate renewal."

2. Section 2: Fact Sheet

The Turnaround Management Association is the only international non-profit association dedicated to corporate renewal and turnaround management.

International Chapter Development

- The international headquarters provides support for all newly formed chapters with a liaison from the International Relations Committee, material support such as model chapter by-laws and leadership manuals, as well as technical support from TMA staff.
- All chapters are separate legal entities and should customize their organization to meet local laws, regulations, customs, and current business environment.
- When a chapter receives provisional status, the chapter president becomes a provisional member of the international Board of Directors.

International Membership

TMA has 6,700 members in 33 chapters worldwide.

<i>Current Chapters</i>	<i>TMA Members</i>	<i>Chapter in Formation</i>	<i>TMA Members</i>	<i>Interested Groups*</i>
<i>27 in the United States</i>	<i>5,913</i>	<i>Japan</i>	<i>113</i>	<i>Brazil</i>
<i>2 in Canada</i>	<i>332</i>	<i>Mexico</i>	<i>13</i>	<i>Germany</i>
<i>1 in Australia</i>	<i>56</i>	<i>Taiwan</i>	<i>23</i>	<i>Italy</i>
<i>1 in France</i>	<i>50</i>			<i>Singapore</i>
<i>1 in New Zealand</i>	<i>38</i>			<i>South Africa</i>
<i>1 in the United Kingdom</i>	<i>135</i>			

*Groups actively seeking chapter status

Certified Turnaround Professional

The Certified Turnaround Professional program recognizes professional excellence and provides objective measure of expertise related to workouts, restructurings and corporate renewal. Applicants for certification must meet stringent standards of education, experience and professional conduct, pass a comprehensive examination and maintain the credentials through continuing education credits.

The New Zealand and United Kingdom Chapters are currently adapting the CTP materials to reflect the laws, regulations, and customs of the member countries