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GM to appoint Koch restructuring officer

AlixPartners vice chairman to 'try to save the company'

Robert Snell / The Detroit News

General Motors Corp. will appoint a chief restructuring officer today who will oversee the dismantling of the automaker's unwanted assets and free President and Chief Executive Officer Fritz Henderson to run the company.

The interim appointment of Al Koch, vice chairman and managing director of restructuring firm AlixPartners, is expected to coincide with the automaker's Chapter 11 bankruptcy filing today, according to a source who requested anonymity.

Koch's role is essential to the type of bankruptcy awaiting GM.

"It frees Fritz up to go back to work and try to save the company," said Gerald Meyers, a University of Michigan professor and former chairman of American Motors Corp. "It's vital. It's a sign of competence of an organization and a systematic approach to getting out of Chapter 11."

GM declined comment Sunday, as did AlixPartners spokesman Tim Yost.

Koch's firm has advised troubled companies such as Kmart Corp. and National Car Rental in the early 1990s and battery manufacturer Exide Technologies. In 2005, Mitsubishi Motor Corp.'s U.S. subsidiary retained AlixPartners to advise it.

The 67-year-old Bloomfield Hills resident has been working behind the scenes, preparing for a possible GM Chapter 11 bankruptcy filing, since December.

"He's a perfect fit. He's done big deals, he knows the automotive industry, has great boardroom presence and is real smart," said Van Conway,

president of Conway MacKenzie Inc., a Detroit based turnaround management consulting firm. "He's extremely well-respected."

Koch has vast experience restructuring large troubled companies. He served as chief financial officer of Kmart, the largest retailer to file for bankruptcy.

"He's highly regarded, experienced, knowledgeable, I would even say aggressive as he has to be a negotiator and a constructive force," Meyers said.

Koch serves as chairman, president and CEO of Minnesota-based Polar Corp., which manufactures and services trailer tanks.

He is a former interim president and CEO of Champion Enterprises Inc., the world's largest manufactured home builder. During his tenure, the company's market capitalization nearly tripled, and he oversaw a financial and operational restructuring.

Koch is a former partner with Ernst & Young and was managing partner of the firm's Detroit office.

Locally, Koch has overseen the wind-down of Troy-based Handleman Corp., one of the nation's largest prerecorded music distributors.

GM is expected to use section 363(b) of the U.S. Bankruptcy Code, which would let the U.S. Treasury Department buy the automaker's "good assets" and provide GM with \$30.1 billion in debtor-in-possession financing and exit financing.

Such a move would enable the "New GM" to quickly emerge while leaving behind the old company's assets. Koch will oversee the automaker's restructuring until GM is split into a "New GM" and an "Old GM."

At that point, Koch will be in charge of the "Old GM," and handle the sale or liquidation of the old company's assets.