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EHYA Urges UK Government to Act Now on Insolvency Law Reform

Robust Framework Necessary in Today's Market Environment

London, 26 February 2008 -- The European High Yield Association (EHYA), an affiliate of the Securities Industry and Financial Markets Association, submitted today proposals on insolvency law reform to the UK Treasury.

The proposals address the UK's lack of insolvency proceedings dedicated solely for restructuring distressed companies. "English insolvency law is unsuitable to manage the type of insolvency that will soon become common: highly-g geared, cross-border companies with complex capital structures for which major restructuring will be the only solution," EHYA states in a letter addressed to the Treasury.

"Unlike many other countries, the UK has no insolvency proceeding dedicated solely to restructuring financially distressed companies," EHYA added.

Gilbey Strub, EHYA's managing director explained, "Although the Enterprise Act 2002 was meant to increase the use of administration for company rescue, academic studies have widely conclude it has failed to do so. Instead, nearly all large restructurings in the UK continue to be effected on an out-of-court, ad hoc, consensual basis, without a predictable legal framework or meaningful precedent to guide the process."

The association highlights the inadequacy of the law in today's environment and said, "Out-of-court restructurings may have worked, albeit imperfectly, in the past, but are not adequate to address the challenges of the present. The advent of private equity has brought an increase in leverage and intricate capital structures which will require a more robust framework."

EHYA also points out that an unwarranted and undesirable side-effect of the legal vacuum in the insolvency regime is an increased risk of widespread economic instability. The association's European Insolvency Reform Committee which worked on

the proposals urges the government to act now and sets out a set of relatively minor amendments to existing law which will have a combined effect of preserving value for stakeholders in distressed companies to the maximum extent possible.

The full submission is attached and can also be downloaded from www.ehya.com

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The European Insolvency Reform Committee is a working group of the European High Yield Association and is co-chaired by Andrew Wilkinson of Goldman Sachs and Dan Hamilton of White & Case.

The European High Yield Association, an affiliate of the Securities Industry and Financial Markets Association (SIFMA), is a non-profit trade association representing participants in the European high yield market. Membership is open to banks, investors, law and accounting firms and rating agencies. The EHYA is an independent, self-funded forum of SIFMA. For more information, visit www.ehya.com.

The Securities Industry and Financial Markets Association brings together the shared interests of more than 650 securities firms, banks and asset managers. SIFMA's mission is to promote policies and practices that work to expand and perfect markets, foster the development of new products and services and create efficiencies for member firms, while preserving and enhancing the public's trust and confidence in the markets and the industry. SIFMA works to represent its members' interests locally and globally. It has offices in New York, Washington D.C., and London and its associated firm, the Asia Securities Industry and Financial Markets Association, is based in Hong Kong.