



GLC Forms Unit With Ex-UBS Analysts on Ailing Firms (Update1)

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By Jamie McGee

May 27 (Bloomberg) -- Global Leveraged Capital LLC, a private investment firm that oversees \$700 million, formed a unit to advise shareholders of ailing companies, pulling together 11 former UBS AG restructuring employees.

Thomas Benninger, 51, co-founder of San Francisco-based GLC and former **UBS** global restructuring head, is chairman of GLC Advisors & Co., the firm said in a statement today. He hired **Jeffrey Gelles** and **J. Soren Reynertson**, both former UBS managing directors, as managing general partners, as well as eight other former UBS employees.

"Once we crossed the beginning of the year, the default rates really started to climb," Benninger said in an interview. "It just made sense for us all to come back together and team up and set up an advisory business as an adjunct to our investment business."

A total of 117 companies have been unable to meet their debt commitments this year, compared with 30 in the same period a year ago, Standard & Poor's analysts wrote in a May 15 report. Non-investment grade default rates will probably climb to almost 14 percent by the end of 2009, up from about 1 percent in 2007, GLC Advisors said in the statement.

"A lot of my UBS team was still at UBS," Benninger said. "I kind of got to pick the A+ players." He wants to build the advisory unit to as many as 25 employees in the next 18 months, he said.

UBS Bonuses

UBS, based in Zurich, cut its bonus pool by 78 percent in January and has amassed more than \$53 billion in losses and writedowns. The bank came under pressure from government officials to cut variable pay after the Swiss state provided capital.

Benninger previously worked at Credit Suisse Group AG and Donaldson Lufkin & Jenrette, according to the statement. He co-founded Global Leveraged Capital in December 2005, Benninger said.

Gelles previously worked as managing director and head of restructuring and leveraged finance for technology, media and telecommunications at UBS. Reynertson is a former managing director in the restructuring and leveraged finance group at UBS, the firm said in the statement.

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