

Introduction to Corporate Restructuring

Corporate Restructuring 100: Distressed Credit and Restructuring Primer

- Causes of Corporate Distress
 - Operational vs Financial Distress
 - Operational Distress
 - Loss of key customer
 - Secular change/disruption
 - Cyclical issues
 - Financial Distress
 - Liquidity
 - Maturity
 - Violation of Debt agreements
 - Going Concern Issues
 - Catastrophic event – Environmental/Toxic tort (asbestos) Fraud (Enron/WorldCom/Madoff)
- Corporate Decision Making Framework
 - Hire Operational Restructuring Advisors
 - Retain legal Counsel and Financial Advisors
 - Review “Strategic Alternatives”
 - Recapitalization
 - Asset Sales
 - Sale of Business /Auction
 - Board of Directors Fiduciary Duties
 - Duty of Care
 - Duty of Loyalty
 - Engage with Creditors
 - Financial Creditor Ad Hoc Groups
 - Suppliers and other key stake holders
- Introduction to Capital Structure
 - Understanding Capital Structure Priorities
 - Secured vs Unsecured Debt
 - Legal Entities and Corporate Structure
 - Holding Company vs Operating Company
 - Issuer and Guarantors
 - Restricted vs Unrestricted Subsidiaries
- Analyzing the Debt Covenants
 - Ability to incur additional debt
 - Ability to make restricted payments and permitted investments

- Evaluating Alternatives
 - Coercive vs Consensual Framework
 - Out of Court vs Chapter 11
 - Factors Favoring Out of Court Restructuring
 - Factors Favoring a Chapter 11 Restructuring
- Title 11 of US Code
 - Bankruptcy Chapters
- Objectives of Court Supervised Chapter 11
- Valuation and Recovery Analysis
 - Example of Valuation
 - Example of Recovery Waterfall
- Glossary of Key Terms