

# Introduction to Corporate Restructuring

## Corporate Restructuring 102: Chapter 11 Bankruptcy Initial Phase of the Case

- Brief History of US Bankruptcy Laws
- Reasons for filing Chapter 11
  - Liquidity
  - Maturity
  - Violation of Debt agreements
  - Catastrophic event – Environmental/Toxic tort (asbestos) Fraud (Enron/WorldCom/Madoff)
- Characteristics of US Bankruptcy
  - Debtor in Possession
  - Reorganization vs Liquidation
- Objectives of Chapter 11
  - Deleverage
  - Reduce interest expense
  - Simplify capital /corporate structure [Abitibi Bowater Example]
  - Reject executory contracts – Leases, Collective Bargaining, OPEB
- Various Chapters under USC Title 11 and their purpose
- Broad powers of the bankruptcy court as a court of Equity [explain distinction]
- Key Constituencies in a Bankruptcy
  - Debtor/Management
  - Board of Directors
  - Secured Creditors
  - Bondholders
  - Trade Creditors
  - Other GUCs
  - Equity
- Glossary of Frequently Used Terms
- Absolute Priority – Section 507 [show example from a 7 or 11]
- Formation of Committees
  - Role of UST – Section 341 Meeting
  - UCC
  - Ad Hoc groups
- Analyze Competing Interests Creditor Constituencies
- Ch 11 Alternatives Filing with prepackaged or prearranged plan (solicitation pre or post-petition)
  - Bankruptcy Life Cycle
- Key First day motions /first phase of case processes
  - Automatic Stay (546e Safe Harbor Derivatives)

- First day Declaration in Support of First Day Motions - crucial for finding information about why Ch 11, current cap structure etc) [Hyperlink to document]
- DIP Motion ( DIP holds strategic position over the restructuring (roll ups/contested DIPs/priming fights) [Hyperlink to document]
  - Examples of how DIP has become key for investors vying for control of the case
  - Roll Ups {Lyondell example}
- Treatment of Secured Creditors in Ch 11
- Cash collateral (assist in figuring out what entities the cash is at) use of cash collateral generally a concession from lenders in exchange for adequate protection on full value of debt not just for the amount over secured
- Adequate Protection (Who is entitled, how determined, liens vs cash payments)
- Retention motions, (who are the professionals, copy of engagement /fee letters)
- Other Motions/procedural filings [1 slide]
  - NOL Orders
  - 2019 Statements [Show example of group disclosure from NMG]
  - Schedules of Assets and Liabilities